FINANCIALTIMES

World News

US budget agreement may lead to rate drop

Senior Bush Administration officials yesterday predicted that the newly forged budget agreement with Congress could lead to a drop in US interest rates. The outline accord aims to reduce the Federal deficit below \$100bn. Page 28

Howe to meet Bush Sir Geoffrey Howe, British For-eign Secretary, will meet US sident George Bush today for talks aimed at bridging differences over modernising Nato's short-range nuclear missile arsenal. Page 3

Arab youths shot Israeli troops shot dead two young Palestinians in the West Bank and imposed curiews on nearly 1m Arabs during a "day of rage" marking the anniversary of the murder of Khalil al-Wazir, PLO military commander. W Bank elections,

Toxic train accident One thousand people were forced to leave their homes in Rotenburg, West Germany, after a train carrying explo-sives and toxic chemicals ran off the rails near the town.

Minister säcked President Hosni Mubarak of Egypt dismissed Field Marshal Abdel Halim Abu Chazala as Defence Minister, a move interpreted as a bid to assert authority over his debt-burdened country. Page 3

Sikh suicide

Inderjit Singh Rattangarh, Sikh extremist leader, committed suicide by swallowing cya-nide after being cornered by security forces in north India.

Kabul convoy clash The Afghan suny sent rein-forcements, including tanks. to help free a convoy of food and frier caught up in battles about 30km outside Kabul.

Eta bomb claim

Eta, the Basque separatist organisation, claimed responsibility for two bombs on the Madrid-Valencia railway line. south-east of the capital. One of the bombs exploded, but no one was injured, and the other was defused by police.

Korean poli scandal Kim Young Sam, one of South Korea's main opposition lead-ers, has been forced to make a humiliating public apology over a bribery scandal dis-closed during a parliamentary by-election. Page 4

Recruit tension rises Tension was building in Japan's political circles following reports that the public prosecutor would this week begin arresting politicians involved in the Recruit scan-

Quake in Sichuan

An earthquake, measuring 6.7 Chinese province of Sichuan killed at least four people but the full toll was not known because of poor communica-

Publisher dies

Albert Bonnier Jr, patriarch of Swedish publishing and the head of one of Sweden's wealthiest Jewish dynasties, has died at the age of 81 after a short illness. Page 6

Tamilis to talk Tamil guerrillas in Sri Lanka

said they were ready to hold talks with President Ranasinghe Premadasa. Page 3

Madrid march

Thousands of people marched toward a joint-use air base outside Madrid yesterday to protest against Nato military poli-cies and to demand the dismantling of three US-leased bases in Spain.

Storm in a wineglass The claret wine growing region of Bordonux has been shaken by the sale of second-rate wines under some of the most prestigious labels of the region. Police arrested several local wine producers in the Lot et Caronne region of south-west France. Page 6

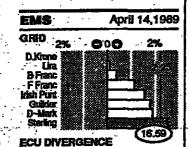
Business Summary

Biggest ever **West German** buy-out concluded

WEST GERMANY'S biggest ever management buy-out, worth DM540m (\$289m) and involving Lignotock, a fastgrowing motor parts company, has been concluded by British and French banks and their German affiliates, led by Baring Capital Investors, a Munich-based subsidiary of Baring Brothers, UK merchant basels. bank. Page 28

EUROPEAN Monetary System:The D-Mark adopted a firmer tone in the EMS last week on speculation that West German withholding tax may be modified.

Outside the system, it touched a seven-year high against the Swiss franc, prompting a rise in the Swiss discount rate to 4.5 per cent. However, there was very little overall movement in dollar terms, as the threat of central bank intervention suppressed demand



irish Punt Guilder D-Mark

Limit ECU Parity Day Position

B Franc

000

The chart shows the two constraints on European Monetary System rates. The upper grid, System rates. The toper grid, based on the weakest currency in the system, defines the cross-rates from which no currency (except the live) may more more than 24, per cent. The lower chart gives each currency's e "Central rate" against the European Cur rency Unit (ECU), a basket of European currencies.

MINORCO, South African-controlled investment company, has won backing from the Institute of Chartered Accountants in England and Wales for its complaint that adver-tisements paid for by Consoli-dated Gold Fields and approved by the UK group's anditors, Ernst & Whinney, were misleading. Page 8

TIME INC, large US publishing and broadcasting group, reported sharply lower profits for the first quarter of this year because of heavy expenses in arranging its planned merger with Warner Communications, US entertainment group. Page

COFFEE: The survival of an agreement to support world coffee prices through export quotas is in doubt following the collapse of talks between major producers and consum-

ers in London. POKKER, Dutch aerospace company which hopes to buy Short Brothers of Northern Ireland, swung back into the black with a slim Fl 13.3m (\$6.3m) net profit in 1988 from a FI 107m loss the year before.

Page 31 ALUMINUM COMPANY of America, world's largest aluminium producer, has turned in another record quarterly profit thanks in part to strong earnings from its Australian and Brazilian units. Net profits for the three months ended March 31 rose 54 per cent to \$276m. Page 31

UK RETAIL SALES growth rebounded last month and was above retailers' expectations, according to the Confederation of British Industry/Financial Times distributive trades survey. The report suggests the widely-expected slowdown in consumer spending might not be as swift as previously

thought. Page 8 HAVAS, French advertising and media group, is to merge its French travel agency busi-ness with that of Wagons-Lits, Franco-Belgian travel and sleeping car group. The two groups will create an equally owned joint venture with a sales volume of about FF17bn

(\$1.1bn). Page 31 CAPPTALINK Securities and J.P. Morgan Securities are due to announce a new telecommunications service which would allow investment managers to bid directly for US corporate debt through an electronic auction. Page 31

Death toll climbs to 94 • 170 suffer injuries • Policing to be investigated • Thatcher visits stadium

Inquiry starts into UK soccer tragedy

By Richard Donkin and Michael Cassell in London, and Nick Bunker in Sheffield

THE UK Government yesterday launched a public inquiry into the worst disaster in Britain sporting history that crushed 94 to death and injured 170 at Saturday's FA Cup semi-final between Liverpool and Nottingham Forest at Hillsborough, Sheffield.

Seventeen people were still in intensive care and 67 people were detained at The Northern were declared at the Northern General and Royal Hallamshire Hospitals in Sheffield last night as Mrs Margaret Thatcher, UK Prime Minister, announced the inquiry Mr Douglas Hurd, Home Secretary, is to make a statement in the House of Commons today.

By David Buchan in Brussels

THE FIRST stage of a progressive movement by the European Community towards

economic and monetary union "should start no later than"

July 1 1990, according to the

Delors committee composed

mainly of central governors of the Community's 12 member

The report, setting out the

milestones on the road to a

European System of Central Banks (ESCB) and "irrevocably

locked" rates of exchange

between the EC states, has been studied over the weekend by the heads of government who commissioned it last year.

Mr Jacques Delors, the European Commission president who chaired the study, will have EC finance ministers on it

brief EC finance ministers on it

later today in Luxembourg.
It contains more concrete

proposals than past reports approved by EC leaders on how the Community might attain its often-stated goal of economic and monetary union

(Emu) but avoids setting any timetable for that eventual tar-get. It only recommends the

1990, when most EC states are committed to lifting exchange

The recommendations of the

17-man committee, dominated numerically by the 12 central

bank governors, are unani-mous, with one exception.

Opinions were divided on

whether, in a first stage, a European Reserve Fund should be set up as a half-way house,

with some pooled reserves and monetary management func-tions, on the way to the fully fledged ESCB. This institution,

ss should start by July

As the Prime Minister viewed the scene of the tragedy at the ground with Mr Hurd and Mr Colin Moynihan, Minister for Sport, the Government was coming under increasing pressure to scrap or amend its Football Spectators Bill, which proposes identity cards for football spectators.

At the same time football clubs were being urged by sup-porters to rip down the perimeter fences at grounds before any more matches are played. Mr Graham Kelly, chief exec-utive of the Football Association, calling for more seating in grounds, said the ritual of standing at football matches

Delors committee calls

The steps to economic harmony

Stage One: Starting July 1 1990. Greater economic convergence within existing institutional framework. All currencies inside the European Monetary System; realignments still possible but main

reliance on other adjustment mechanisms. EC central bank gov-

ernors committee gets formal right of proposal to Council of Ministers. Delors committee divided on creation, in this stage, of European Reserve Fund as precursor to European System of

Central Banks (ESCB).

Stage Two: No date. Transition period: more collective decision-taking, but ultimate responsibility for economic and monetary policy making still with national authorities. EC Council sets rules (not yet binding) for national budget deficits and their financing. ESCB set up to subsume all existing EC monetary policy bodies. Realigning exchange rates becomes adjustment

Stage Three: No date. Exchange rates irrevocably fixed between the Twelve; single currency preferred. EC Council imposes con-straints on national budgets to avoid stability-threatening imbal-

ances. ESCB acquires and manages official reserves of the Twelve and decides exchange market intervention in third currencies.

Requirement: Change in the EC Treaty. Option: New treaty

amendment at each stage, or single comprehensive treaty at

on the entire process.'

by member states.

anism. "Pending the full participation of all member states

- which is of prime impor-

tance - influence on the man-agement of each set of arrange-

ments would have to be related

to the degree of participation

Fulsome language on the logic of the single market pro-

gramme leading to Emu was struck out of earlier drafts,

for progress towards

Central Banks (ESCB).

mechanism of last resort

debated at the EC summit in

Madrid in two months, is sure to draw early fire from govern-

ment heads such as Mrs Mar-

garet Thatcher. She is likely to be dismayed by the link made between completion of the EC

single market and progress

towards Emn. and by the con-

clusion that a formal EC treaty

amendment would be needed

to move from one to the other.

Equally controversial will be

the committee's assertion that

creation of Emu must be

viewed as a single process.

"does not have any place in our game if it leads to what happened yesterday."
The eight-foot fences at Hills-

borough prevented Liverpool supporters escaping at one end of the ground as fans surged through a central tunnel when police opened a 16ft gate to relieve pressure from crowds pushing to get into the match at kick-off time.

As their role in the disaster came under increasing scrutiny, police in Sheffield refused to make any statement other than the brief announcement about the investigation.

A spokesman had said earlier that it was too early to

connect the decision to open the gate with the surge in the

But Mr Kelly appeared to challenge this stance yesterday afternoon when he said: "It would appear to be doubtful whether the police would be able any longer to sustain that position."
Mr Kelly also confirmed that

there was an unwritten safety policy operated by police at some grounds to allow visiting supporters into grounds with-out tickets when there was a risk of trouble due to large numbers gathered outside. He said the FA would decide Continued on Page 28



Peugeot to announce **30%** rise in profits monetary union by 1990

By Kevin Done and Paul

PEUGEOT, the French car group embracing the Peugeot and Citroen marques, is expected to announce on Wednesday an increase of about 30 per cent in net profits for 1988. This will bring it close to the record FFr8.9bn (\$1.25bn) net earnings recently reported by Renault, the state-owned group and its chief domestic competitor.

Pengeot's strong financial performance has been boosted by the sharp recovery of Peu-geot Talbot, its UK subsidiary, which is expected to announce next month a more than five-fold increase in net profits to about £100m (\$169m) from £18.4m (before extraordinary losses of £5.2m) in 1987 and a loss of £14.9m in 1986.

Output at Peugeot's Ryton, Coventry, assembly plant has been doubled and the group is capturing a growing share of the record UK new car market.

however, is acknowledged by all Delors committee members as necessary to r'n monetary. Emu, it says "the decision to policy in a fully integrated enter upon the first stage should be a decision to embark the entire moness." Peugeot group profits are expected to total between FFr8.5bn and FFr8.9bn, compared with analysts' earlier forecasts of FFr7bn-FFr8bn – a further indication of the buoyant profitability of It also carries a scarcely veiled warning for the UK, Europe's volume car makers. which does not participate in the EMS's exchange rate mech-Operating profits rose sharply. while group turnover increased to FFr138.5bn from FFr118.2bn.

The group will be paying a full tax charge on its profits, while state-owned Renault is still benefiting from several years of accumulated tax

Continued on Page 28

Sheffield pays its tribute to those who died

By Nick Bunker in Sheffield

and white Liverpool Football
Club pennant flapped pathetically at half mast yesterday.
Far beneath it, beneath the
overcast Sheffield sky and the
huge blue terraces of the Hillsborough Stadium, a buckled

blue steel crush barrier marked the site for the UK's worst sporting disaster. Like those of many another football club in northern England, the stands at Hillsborough rear gigantically over terraced working-class streets. It was there yesterday, by the waters of the River Don flowing past the ground, that visi-tors found the most poignant reminders of the suffocating crush that killed 94 people on

Saturday. the fence at the stadium's Lep-pings Lane gates, bunches of daffodils, carnations and cro-

local families, each was accompanied by a simple handwrit-ten message: "Goodnight, God bless," said one. Another, alluding to the Liverpool sup-porters' anthem, said: "In deepest sympathy, God bless you all. You'll never walk alone.

This announcement appears as a matter of record only.

IN A chill Pennine wind, a red and white Liverpool Football all families in Liverpool from a family in Sheffield. Above it, 10 yards from the cantilevered steel gates to the stand where the disaster

occurred, a Liverpool sup-

porter's cap hung discarded on the point of a steel railing. In Sheffield, the day began officially with a brief press conference convened by South Yorkshire police. Inevitably, it was strained and defensive, with police well aware that attention was focusing on the possible extent of their respon-sibility for the tragedy.

For any observer in Sheffield, however, the official hap-penings - police briefings, the announcement of a disaster appeal fund by the city counand Sheffield, the impromptu interviews by local politicians - were less resonant than the cuses lay three deep. simple images of ordinary pe Spontaneous tributes from ple caught up in a catastroph simple images of ordinary peo-

There was the middle-aged woman, stooping to place a wreath at the Hillsborough ground. There were the knots of relatives from Wallasey, Wigan and Kirkby, chainsmoking or sipping tepid coffee Continued on Page 28

April 1989

Tbilisi witnesses tell of attacks by soldiers with 'sharp spades'

THROUGH a fog of allegations, denials and reluctant admissions, some basic facts now seem to have been established about the bloody events eight days ago in Tbilisi, capital of the Soviet republic of Georgia, in which 19 people are officially reported to have been

From opposition figures who

witnessed those and subse-quent events in the city, the following points emerge. First, the soldiers who attacked 8,000 demonstrators and hunger strikers before Government House were inte-rior ministry troops, armed with shovels, which many described as sharpened, and which were used on demonstrators. Some accounts talk of the soldiers being drunk. Their immediate victims were

mainly women. An eye witness, Nino Ratish-vili-Misuradze, says that

"tanks arrived at 4.00 in the morning: the soldiers had truncheons and sharp military shovels, bullet-proof jackets and shields. We started playing Georgian musical instruments and dancing...I saw soldiers attacking people with shovels: we were surrounded by sol-diers and couldn't escape, the

soldiers started to crush us." Second, there appears to have been some shooting (probably not on the Sunday morning) and use of gas and chemical weapons: the Geor-gian health minister has admitted to casualties from gas, chemical weapons and bullets.

Third, Mr Eduard Shevard-nadze, Soviet Foreign Minister and ex-party chief of Georgia, has been attempting to make a deal with the opposition lead-ers: withdrawal of troops and

ending of the curfew in return

His longest meeting with them was in the Tbilisi cinematographers house last Wednesday evening: he was accompanied by Mr Georgy Razumovsky, the Soviet central committee's personnel chief, and Mr Dzhumber Patiashvili, the Georgian party chief whose resignation was accepted on

They faced 200 angry opposi-tion supporters, who demanded the sacking of the Georgian government, a UN commission to investigate the massacre and the secession of Georgia from the Union.

The Soviet leadership, it is clear, has now seized the chance to lop off the head of a

republican party which had not responded to perestroika. The coming week may show if the roused opposition will enter into dialogue - or pre-pare for the next explosion.

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Mr Kjell-Olof Felt, Sweden's Finance Minister and an unrepentant champion of market socialism, haying spearheaded the conutry,a economic revival, now intends to carry through a financial revolution Page 44

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Romania ready to pledge end to foreign borrowing

By Judy Dempsey in Vienna.

THE Romanian authorities are expected today to pass a law ruling out future foreign borrowing, despite the chronic condition of the country's eco-nomic and industrial infrastructure as well as widespread

The decision will be endorsed by the Grand National Assembly, the rubber-stamp Parliament, following a recent meeting of the ruling communist party's central committee.

During that meeting, Mr Nicolae Ceausescu, the Roma-nian president and communist party leader, announced that foreign debts had been "com-pletely repaid" and at the weekend in a speech to the par-ty-backed National Council of the Socialist Democracy and Unity, he ruled out any future

foreign credits or loans.
"Now that we have long ceased to pay tribute, but have no debts either, we have decided not to depend on any-one anymore either economi-cally or politically to really ensure the independence of our people, our nation."

The decision, he said had already been agreed by the

Economists specialising in East European economies, yesterday said Romania's indus-trial infrastructure was likely to deteriorate even further as a result of the end of foreign

borrowing and access to

The country's debts, which in 1980 exceeded \$10bn, were repaid at breakneck speed at the expense of postponing the modernisation of industry and radically reducing living stan-

Exports, particularly food, were accelerated while imports were drastically cut back. Enterprises, despite facing acute shortages of spare parts, were penalised if their export

were penalised if their export quotas were not met.

In addition, the most basic commodities, such as bread, were rationed to levels of the Second World War period and for several years, supplies of meat, dairy products and vege-tables have been unavailable in the capital Rucharest and in the capital Bucharest and other cities.

However some Western economists and bankers last week argued that since the country had a large trade surplus of well over \$1bn, President Ceau-sescu could use the surplus to buy vital technology in order to rebuild the shattered economic base, or even slow down the export drive so as to improve the food

But his speech at the weekend seemed to indicate that Romania is fast becoming a new Albania with little prospect in the forseeable of any change in economic policy.

 Mr Francisco Fernandez Ordonez, Spain's Foreign Min-ister, said yesterday after chairing a meeting of his Euro-pean Community colleagues that the EC was determined to take a very firm line with Romania over human rights, Reuter reports from

He said the Community planned to circulate its complaints about Romania's treat-ment of dissidents to all 35 members of the Conference on Security and Cooperation in Europe (CSCE), which con-cluded a set of agreements including commitments on human rights in Vienna last

Circulating information about the complaint is a prelude to having the issue raised at a follow-up conference in Paris next month, which Western diplomats hope will con-demn Romania for not meeting its CSCE obligations.

The Spanish Minister said he and his EC colleagues had agreed the Community should continue to treat each East Bloc country on its merits. The ministers welcomed reforms in Poland and Hungary. Mr Hans-Dietrich Genscher,

the West German Foreign Minister, said: "A modernisation of the West's policy towards the East is needed to develop a political strategy supporting



Residents of Thilisi, the Georgian capital, join a funeral procession at the weekend for the 19 people killed in clashes earlier this month between Soviet troops and demonstra

Soviet tax remains progressive

By John Lloyd in Moscow

A DECREE on income tax. published by the Soviet authorities yesterday, shows that the perestroika tax regime will remain progressive - with the low-paid paying no tax or only small amounts, while the higher-paid will have their pips made to squeak, moderately. The law exempts from tax all of those on incomes of 80 roa-bles (about £80) a month - a

very low income, but one on which many pensioners find themselves. Those on incomes of between 80 and 100 roubles will pay less tax, while most of the population, those earning between 100 and 700 roubles a month, will remain on the present rate of 13 per cent. Above 700 roubles, however, the marginal rates rise fairly steeply. Those earning in the band between 701 and 900 rou-bles will pay 86.20 roubles on the 700 plus 15 per cent on the rest; between 1,101 and 1,300, 156,20 roubles on the 1,100 and 30 per cent on the rest; between 1,301 and 1,500 rou-bles, 216.20 on the 1,300 and 40 per cent on the rest; and those between 1,501 and 1,700 roubles, 296,20 on the 1,500 and 50

per cent on the rest. There has been a common assumption in the Soviet

higher income hands must be a higher income sands must be a crook. However, with over 700,600 workers now in the cooperative sector earning above-average wages, the new bands appear designed to claw back some of these earnings. Another widespread new phenomenon - royalties - is also to be taxed. Here, the earnings range from 1,200 to 18,000 roubles a year, and the marginal tax rates from 13 to

A move from direct to indirect taxation has been called for by prominent economists in past months, but no details of other than income tax changes are given in the decree.

Italy's railway saviour refuses to be crowned

By John Wyles in Rome

ITALIAN ambitions to reform. one of Europe's most backward and unprofitable railway systems have been severaly joined by the withdrawal of the man cast in the role of manageriai saviour, Mr Mario

The former managing director of Montedison has made it clear he is not interested in becoming president of the rail-ways because the political con-trols will be too irksome and because of a fundamental pol-ical discrete man artistical discrete and poliicy disagreement over privati-sation with the Minister of sation with the Minister of Transport, Mr Giorgio Santus. This bombshell for the Government exploded just as the cabinet was adopting a new legislative proposal on Friday which will fundamentally change the management structure of the desply troubled Ferrovic dello Stato (FS). Last year, FS required subsidies of L9.886bn (£4.2bn) to cover operating losses and L5.968bn for capital investments.

Mr Schimberni has been

Mr Schimberni has been

managing the PS as a special commissioner since last December, when most of the company's board, including the president and director general, became the targets of investigation on corruption charges. His decision reflects the vio-lent clash of cultures between

the network of politicians, trade unionists and equipment manufacturers long accusnamed to regarding the FS as a playground for their interests. Aithough the Santus reform of the FS would have concen-

trated management power on the president. Mr Schimberni complained it allowed for politcomplained it allowed for palifical controls which went beyond the setting of strategic objectives, and would have curbed his freedom to managa, in addition, the Santuz plan allows a private sector role through joint ventures in parts of the rail network. Mr Schimberni is adament FS control of its network must not be comits network must not be com-

promised in this way.

Mr Santuz will meet rebellious top railway managers on Wednesday but it seems unlikely he can make the com-

promises needed to win a change of mind.

Many would be relieved to see Mr Schimberni go. He produced in February a choice of three five-year plans, all aimed at reducing subvantions, devel-oping profitable goods traffic and raising efficiency and qual-ity. The unions fear all options point to a cut of 50,000 in the 225,000 workforce while politicians fear the closure of unprofitable lines.

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Latin American polls test region's appetite for more democracy

Robert Graham details parties, contenders and previous results

In the next month presidential elections are due to be held in four Latin American countries, the largest concentration of such elections in recent memory.

The elections of Argentina Religious Personne and Personne.

Bolivia, Panenza and Parentina, will be followed later this year by contests in Brazil and Chile.

The polls will determine whether or not the trend away from military governments towards fully fledged democra-cies is consolidated.

The debt crisis, combined in

The debt crisis, commined in most instances with poor economic management, has discredited the ruling parties or coalitions. The outcomes will be judged at their simplest by each country's ability to ensure a democratic transfer. In Bolivia, this has not occurred since independence

over 150 years ago. In Paraguay and Panama, the democratic nature of the election remains in doubt. In February General Andres Rodriguez deposed General Alfredo Stroessner, dictator of Paraguay for 34 years. Rodriguez, now standing as presidential candidate of the ruling Colorado Party, is widely expected

to win. In Panama, Mr Guillermo Duque, the candidate being backed by the Panamanian strongman General Manuel Antonio Nortega, is regarded as well ahead of his rivals. The elections will be as fol-

PARAGUAY

DATE: May 1 TYPE: Presidential, Legislative CONTENDERS: Presidential: General Andrés Rodriguez - ANR-Partido Colo-

No other candidate Legislative: Partido Liberal radical (PLR);Partido Liberal (PL);Partido Liberal Radical Autentico* (PLRA);Partido Revolucionaro Febrerista* (PRF):Partido Democrata Cristiano* (PDC).
*Coalesced in the Acuerdo

Nacional (AN)
PREVIOUS RESULT: Presidential: (14 February 1988) General Stroessner (ANR-Par-tido Colorado) 88.6% Luis Maria Vega, PLR: (7.1%) Carlos Ferreira Ibarra, PL:

BOLIVIA

DATE: May 7
TYPE: Presidential, Legislative
MAIN CONTENDERS:
Gonzalo de Lozada, Movimiento Nacionalista Revolucionario (MNE) cionario (MNR) General Hugo Banzer, Accion Democratica Nacionalista

(ADN) Jaime Paz Zamora, Movimiento de la Izquierda Revolucionara-Nueva Mayoria (MIR) Antonio Aranibar, Izquierda

Unida (IU) Victor Hugo Cárdenas, Movimiento Revolucionario Tupac Katari de Liberación (MRTKL) Carlos Palenque, Conciencia de Patria (CP) Parria (CP)
Roger Coriez, Partido Socialista-Uno (PS-Uno)
Edil Sandoval, Movimiento de
Izquierda Nacional (MIN)

PREVIOUS RESULT: Presidential:(July 4 1985) Victor Paz Estenssoro (MNR-Historico): 26.4% General Hugo Banzer (ADN):

Jaime Paz Zamora (MIR): 10% Victor Paz Estenssoro elected

by Congress
Legislative: 14 July 1985
Chamber of Deputies:
MNR-Historico: 41;ADN:
43;MIR: 15;MNRI: 8;MNR-VR:
6;PS-Uno: 5;MRTKL: 2;Others:

DATE: May 7
TYPE: Presidential, Vice-Presidential, Legislative (67 seats).
MAIN CONTENDERS:
Coglición de Liberación

Nacional (Colina) is a pro-gov-ernment coalition formed by the Partido Revolucionario Democrático (PRD), the Partido Republicano, (PR), the Partido Liberal, Partido Labourista (Pala), Partido del Pueblo Pan-ameño (PPP), Partido Pan-meñista Revolucionario (PPR), Partido Democrático de las Trabajadores (PDT) and the Partido de Acción Nacional

(PAN). Alianza Democrática de Oposición Civilista (Adoc) is an opposition alliance formed by the Partido Democrata Cristiano (PDC), the Partido Liberal Auténtico (PLA), a faction of the Partido Panamenista Auténtico (PPA) and the Movi-miento Liberal Republicano Nacional (Molirena)

Main candidates: Colina - Carlos Duque (PRD) for President, Ramón Sieiro (Pala) and Aquilinio Boyd as Vice Presidents. Adoc - Guillermo Endara as President, Ricardo Arias Calde-

rón (PDC) and Guillermo Ford as Vice Presidents. PREVIOUS RESULTS: Presidential: (6 May 1984) Nicolás Ardito Barletta (Union Nacional Democratica - Unade)

Arnulfo Arias Madrid (Alianza Democratica de Oposición -Ado) 299,035 Legislative: Unade: 40 seats

ADO 27 seats ARGENTINA DATE: 14 May TYPE: Presidential, Legislative

(127 Deputies, 15 Senators) CONTRNDEES: Eduardo Angeloz (Unión Civica Radical - UCR); Carlos Saúl Menem (Partido Justicilista -PJ or Peronists); Alvaro Also-garay (Union de Centro Demo-

cratico - UCeDé); Néstor Vicente (Izquierda Unida - IU) PREVIOUS RESULT: Presidential: Raul Alfonsin Foulkes (UCR) 51.8% - 317 seats; Italo Luder (PJ) 40.2% -259 seats; Oscar Alende (Partido Intransigente) 2.3% - 2 seats; Others: 5.7% - 22 seats. Legislative: UCR 116 (37%)

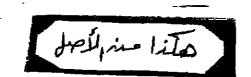
Peronists 110 (41%) Others: 28 (23%)

FINANCIAL TIMES

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seek compromise on N-missiles

By Lionel Barber in Washington

SIR Geoffrey Howe, the British to negotiations, as proposed Foreign Secretary, will meet last week by the Warsaw pact. Foreign Secretary, will meet President George Bush today for talks on bridging differences in the Nato alliance over modernising its short-range nuclear missile arsenal. The Bush administration has

cently signalled willingness to be flexible on updating Nato's ageing Lance tactical missiles, mainly to accommodate the West German Government and avoid at a damaging split in the alliance ahead of the Nato summit in June.

Mrs Margaret Thatcher, the British Prime Minister, has remained insistent that the West should modernise its short-range weapons, arguing forcefully that delays will make it even harder to make an eventual decision on Lance

replacement stick.
Both the US and the UK wish to avoid the impression of Nato disarray in the face of a barrage of Soviet promises to cut conventional forces in Europe. They are also con-cerned that Nato should avoid any suggestion that Lance modernisation could be subject

In practice, Sir Geoffrey's meetings in Washington today - which precede Nato defence ministers' meetings on Wednesday and Thursday will try to explore compromise language on Lance which extracts an alliance commitment to modernise without arily attempting to pin

down the timing. Separately, Sir Geoffrey will-report on Mrs Thatcher's meeting with Soviet President Mik-hail Gorbachev in London. The Netherlands has put a compromise proposal to its allies in the hope of breaking the deadlock over short-range weapons before the May summit, Reuter reports.

The proposal calls first for a

firm alliance commitment to

develop a longer-range missile system to replace Lance. This is twinned with a com-mitment to hold negotiations with the Soviet bloc to reduce short-range systems, on condi-tion that Moscow paves the way by making big unilateral cuts first, diplomats say.



today, pictured (left) with Mr Hans-Dietrich Genscher, West German Foreign Minister, in Granada yesterday

EC ministers disagree over Brady debt plan

By Peter Bruce in Madrid

SENIOR South American larly Britain and to a lesser foreign ministers failed at the weekend to persuade their 12.
European Community colleagues to throw the EC's
weight behind proposals by Mr.
Nicholas Brady, the US Tree

of servicing Latin America's: \$4200n external debt. Prodded on by Spain, how-ever, the EC ministers, who met informally in Granada, did agree to place the Latin American debt problem on the agenda for the EC summit in Madrid in June when Spain's

six month EC presidency ends. Mr Francisco Fernandez Ordonez, the Spanish Foreign Minister, conceded that the Community ministers had disagreed about whether to support Mr Brady's plan, which involves forgiving a proportion of the total debt and using the International Monetary Fund and the World Bank to guarantee interest payments on the est. But, he said, the talks with the Latin American Min-isters had been "enormously"

Some EC countries, particu-

extent West Germany, have reservations about the plan because it could involve Community taxpayers paying for loans made by US banks.

A French proposal to call an international meeting of debtor and creditor nations was coolly received at Granada.

The American ministers, from Argentina, Colombia, Mexico, Brazil, Uruguay, Peru and Venezuela, were neverthe-less able to put forward their case with considerable force. Mr Dante Caputo, the Argen-tine Foreign Minister, said recent bloody riots in Venezuela should serve as a warn-

ing to the West. Latin American debtors had paid back \$179bn in loans since 1982, contributing to the "appe-tite for debt of a certain privileged country". He meant the US, the region's biggest credi-

The EC ministers also appear to be close to agreeing a common position on interim proposals to bring peace to ter-ritories occupied by Israel in the Middle East.

Howe and Bush | Aid debacle lays French sympathies bare

France was seen as directly favouring Lebanon's Christians, writes George Graham

RANCE finally began to cols Mitterrand citing put its Lebanon aid France's "instinctive solidar-operation into motion at ity" with Lebanon — took comthe weekend, with the evacua-tion of 14 wounded Beirutis to the French naval hospital ship

For Paris, the operation provides a welcome conclusion to days of difficult negotiation with the Lebanese factions, French Middle Eastern analysts and France's Western allies are still trying to puzzle out how France managed to get into such a mess over its Lebanese aid effort.

The episode appears to have begun with a denunciation by Mr François Léotard, leader of the opposition Republican Party, of France's acquiescence in "the elimination of the Christians of the East". He triggered an emotional reac-tion which was hard for the Government to ignore.

While a few nostalgic voices recalled the offer of protection made by the French king, St Louis, to the Maronite Chris-

mand from his Foreign Ministry and sent a hospital ship and a petrol tanker.
Mr Leotard's appeal was

overtly pro-Maronite, and President Mitterrand, though more nuanced, did nothing in subse-quent statements to undo the impression that France was taking sides.

By choosing as a special

envoy Mr Jean-François Den-iau, an opposition politician with Maronite sympathies, the French Government virtually ensured that its aid would be seen as aimed at the Christians. Since his return from Beirut, Mr Deniau has accused Syria of deliberately shelling him and has stated his belief that Gen Michel Aoun, the Christian military leader, speaks for all Lebanon.

In practice it would have been difficult to get aid to the Moslem quarters, since Christian-controlled Jounieh is the only port in which French SHELLS blasted Beirut yesterday as fighting contin-ued between Syrian forces backed by Moslem militia and Christian Lebanese troops, Reuter reports. At least 20 people, including the Spanish ambassador, were killed and nearly 100 were wounded.

Don Bodyn Manuel Do Aris.

Don Pedro Manuel De Aris-tegui, the Spanish ambassador and his Lebanese wife Jou-mana were both wounded when a shell crashed into the embassy shelter in the Christian suburbs of Ba'abda. The ambassador died in hospital.

boats could have landed safely. The result was that France had to perform an embarrass-ing kow-tow to Syria and to Mr Selim al Hoss, the Moslem Leb-anese Prime Minister. The alternative of pressing ahead with the aid regardless would

have involved engaging French military forces.

Paris has bitterly criticised

its Western allies for their lack of support. "Whatever we did was going to be criticised, and we were going to be criticised if we did nothing. We only wanted to do something effective for Lebanon, but no one wanted to come with us," said one official.

The gap between France and its allies reflects not just differ-ent assessments of the utility of getting mixed up in Leba-non, but a divergence in broader Middle East policy.

For despite the soothing words used in the last few days to facilitate the arrival of the aid ships, the crisis has revealed the strength of French hostility to Syria's role in Lebanon.

in Lebanon.

A recent visit to Paris by Mr
Farouq al Sharaa, the Syrian
Foreign Minister, did nothing
to soothe things. Little was settled, and on his return Mr Sharaa announced that Mr Mitterrand had invited President
Hefer al Accord for a visit Hafez al Assad for a visit. Elysée officials will not officially deny the invitation but

they make it clear that Mr Sharaa misunderstood.

ty to the Arab-Israeli conflict, tending to seek Syria's acquiescence by leaving it considerable leeway in Lebanon, France apparently hopes for a separate Lebanese solution, founded on Syrian withdrawal France's protestations of even-handedness may be justified in relation to the distribution of its medical supplies but conversations with govern-ment officials make it clear that the Elysée, if not the Foreign Ministry, comes close to sharing Mr Deniau's view of

Besides blaming Syria for the recent outbreak of fighting, officials accuse the US of try-ing to destabilise Gen Aoun. In any event, France's attempt to carry out its aid operation in defiance of Syria misfired badly last week and the chances of following up the first two vessels with further

While US policy gives prior-

THE sudden removal of Egypt's powerful Defence Minister from his post at the weekend is seen as a move by President Hosni Mubarak to assert his authority over his debt-burdened country.
Field Marshal Abdel Halim
Abu Ghazala's appointment as a "consultant" to the president
- a task described yesterday by an Egyptian observer as a "non-job" - detaches him from his military power base. The Gen Aoun as the saviour of Lebanon from an invader. move indicates that Mr Mubarak has at last decided to

clip the wings of the man regarded as his main rival and most likely successor.

most likely successor.

An Egyptian political commentator said the president was "now in full command" of the civilian and military branches of government, and was ready to play a more decisive role in tackling Egypt's economic difficulties. No authoritative official

Mubarak

removes

Defence

Minister

By Tony Walker in Cairo

explanation has been provided for the removal of Mr Ghazala, 59, and his replacement by Youssef Abu Taleb, 60, the gov-ernor of Cairo. The abrupt decision has prompted suggestions that serious personal differences may have arisen between Mr Ghazala and Mr

Mr Ghazala had served as Defence Minister since March 1981 and was regarded as pro-

General Abu Taleb, who replaces him, commanded Egypt's artillery during the 1973 war. He is reputed to be a hard-working and incorruptible public servant.

Cairo observers expect further government changes this year after a new economic reform agreement has been reached with the IMF.

PLO calls for 'Namibia-style' elections

By Tony Walker in Cairo and Lamis Andoni in Amman

THE Palestine Liberation Organisation called at the weekend for "Namibia-style" elections to be held in the West Bank and Gaza Strip as a step towards resolving the Middle

Mr Yassir Arafat, the PLO leader, who paid lightning vis-its to Egypt and Jordan, said after talks with Egyptian Presi-dent Hosni Muharak that elections must be held under inter-

tions must be held under inter-national supervision and not under Israeli occupation.

Mr Arafat was responding to proposals advanced by Mr Yit-zhak Shamir, the hard-line Israeli Premier, for elections in the West Bank and Gaza as a

talks with Premadasa step towards greater autonomy for the 1.5m Palestinians resi-PLO officials and Palestinian

spokesmen inside the territo-ries have said the Shamir plan is unacceptable in its present form, but they have made it clear that they are willing and even anxious to pursue discussions about elections. "I welcome any elections

among the Palestinian people, but not under [Israeli] occupa-tion," Mr Arafat told reporters after talks with Mr Mubarak on Saturday. The Egyptian president, standing next to Mr Arafat, endorsed his remarks. Mr Arafat called on Washington to adopt the same approach to the Middle East dispute as with Namibia, where US-backed preparations are under way for holding an internationally-supervised

"I want to ask the US administration why it accepted hold-ing elections in Namibia after the withdrawal of occupying troops and does not want to implement the same rules with the Palestinians," he said. Egyptian officials, while expressing intense scepticism

about Mr Shamir's proposed "free and democratic elections" in the occupied territories, believe no purpose would be

served by rejecting outright even the slimmest chance of a beginning of a process of nego-

These officials are also studying proposals advanced by leading West Bank Palestin-ians that might offer the possibility of compromise. One suggestion is for the Israelis to withdraw from population centres, but not completely from the occupied territories, to allow elections under interna-

tional supervision.

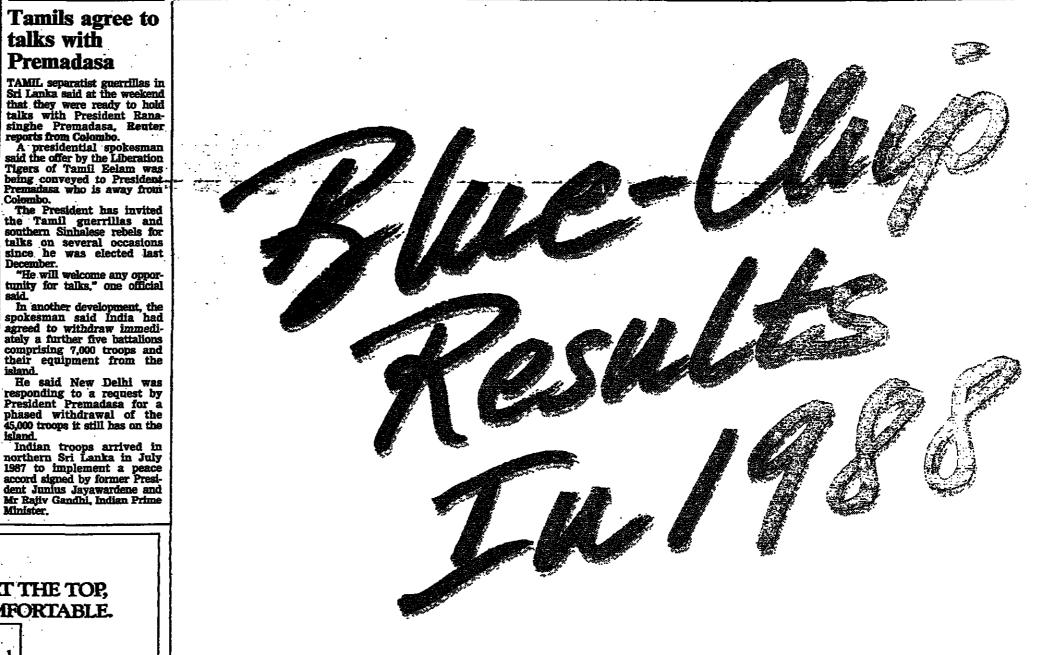
Mr Shamir continues to insist, however, that he will never accept a Palestinian state in the territories, or consider negotiating with the PLO.

demonstrators ARAB hospital officials said Israeli soldiers shot dead a child and wounded 13 demon-

Israelis fire at

strators in the occupied territories yesterday, Reuter reports. Officials at al-Hussein hospi tal in Beit Jalla said the 10year-old boy died of gunshot wounds to the leg and hip in Samoa village, near the southern border of the West The Israelis declared much

of the occupied territories under curfew in an attempt to head off protests marking the first anniversary of the killing of the Palestine Liberation Organisation's military commander Khalii al-Wazir, known as Abu Jihad.



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In 1988, BASF recorded the strongest performance in its long his-

On sales of nearly DM 44 billion (+9.0%), pre-tax profits for the Group showed a healthy gain of 44.0 % over the previous year to DM 3.7 billion. BASF Aktiengesellschaft, the parent company, increased sales by 11.6 % to DM 21 billion and pre-tax profits by 54.1 % to DM 2.7 billion.

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Significant progress was also achieved in expanding the Group's presence in major world markets. in boosting the output of its specialty products, and in further improving the quality of the Group's extensive range of prod-

in line with its ongoing program to strengthen earnings potential through key investments, BASF spent DM 1.8 billion on R&D plus another DM 300 million on new research facilities and testing laboratories in 1988. Investments in plant and equipment were up 26.7 % to over DM 3.5 billion. For 1989, another considerable increase of investments is planned.

Optimism for 1989

Preliminary figures for the early months of this year, combined with a favorable outlook for the global economy, point to another rewarding performance for the BASF Group and its shareholders in 1989. As one of the world's leading chemical companies, BASF is indeed well positioned to pursue its long-term strategy of maintaining and enhancing its blue-chip status.

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OVERSEAS NEWS

Fear of Recruit arrests raises tension in Tokyo

By lan Rodger in Tokyo

TENSION was building in Japanese political circles at the weekend following authoritative reports that the public prosecutor would finally begin arresting politicians involved with the Recruit bribery scandai this week.

Mr Masami Takatsuji, the

Justice Minister, hinted to on Friday that the prosecutor might take action against some politicians tomorrow or later. He also made clear that he had no intention of preventing the prosecutor from arresting Diet (parliament) members.

About 30 politicians were among those who received big financial donations from the Recruit publishing group in the mid-1980s. At the time, Recruit was carrying out a massive campaign of donations to business leaders and govern-ment officials in return for various services. Details of the campaign first came to light last June, and have been rocking the Japanese political and business worlds ever since. In recent weeks, 13 business men and government officials have been arrested on bribery charges in connection with

Now speculation in Tokyo is focused on whether Mr Yasuhiro Nakasone, the former prime minister, will be ques-tioned or arrested. Mr Nakasone was in power in the mid-1980s and it has been suggested that he played a role in having Mr Hiromasa Ezoe, the former chairman of Recruit, appointed to prestigious government

advisory bodies. Also, analysts wonder if he put pressure on Nippon Tele-graph and Telephone (NTT), the state-controlled telecommunications utility which helped Recruit to an extraordinary extent in its attempts to enter the data communications business in 1985.

In his only comment on the Recruit affair, Mr Nakasone two months ago denied that he had been involved in any way. However, it is already known that his political secretary was one of 16 politicians or top aides who was given the opportunity to buy shares of Recruit Cosmos, a Recruit property subsidiary, in 1986 before it was floated on the over-the-counter stock market. The secretary made a profit of about Y130m (£580,000) on the subsequent sale of the shares.

It has also become clear that other political leaders were receiving enormous amounts of money from Recruit during the Nakasone administration Two weeks ago, it was learned that Mr Noboru Takeshita, the current prime minister, had received more than Y120m in political donations from Recruit between 1985 and 1987. when he was secretary general of the ruling Liberal Demo-cratic Party (LDP).

On Friday, Mr Shintaro Abe, who was Mr Nakasone's for-eign minister, confirmed reports that his political organ isation had received Y8m from Recruit over two and a half years, in the form of consulting fees in his wife's name. He would not confirm widespread reports in Tokyo at the week end that he had received other political donations from Recruit totalling more than

Meanwhile, Mr Takeshita and Mr Abe, who is now LDP secretary general, met on Satnrday to consider the mounting threat to their government from the Recruit scandal.

Parliamentary business has been stalled for more than a month because opposition parties have been boycotting debates on the Government' budget and demanding that Mr Nakasone testify under oath

The budget must clear the committee stage by this Friday if it is to be implemented on time. Failure to get it through would suggest that the Government had lost the power to govern and add weight to the claims of opposition leaders that the Government is discredited and so general elec-tions should be called.

Mr Takeshita and Mr Abe agreed to continue resisting opposition demands, but LDF officials are attempting to find a face-saving way for Mr Nakasone to submit himself to opposition questioning.

Cheap labour and money draw investors

Richard Gourlay explains the attractions the Philippines hold for foreign business

T NIDEN of Japan chose Manila and not Bang-kok for a \$26m (£15m) plant to assemble communications equipment precisely because the Philippines is not about to join the region's economic superstars.

Having moved from Japan and then from Taiwan, Uniden, which sells exclusively in dollars, could not face the prospect of another appreciatingcurrency country and is certain the Philippines will not

For Taiwanese textile and garment makers, the Philip-pines' unused US export quotas were the magnet, while for almost all new investors cheap labour is high on the country's list of attractions.

Clearly, businessmen who decide to set up in the Philip-pines do so for a variety of reasons, not all of them neces-sarily to the Government's liking But three years after President Ferdinand Marcos's dramatic departure from power, relative political stability is finally allowing investors to look at the Philippines as serious competition to other Asian countries for invest-

The cheap labour is undoubtedly a critical factor, but its abundant supply is equally important. Each year more than 800,000 school leavers

enter the job market - more than 3 per cent of the labour force - and many people are forced to take jobs below their qualifications.

Even with an expected 10 per cent increase in Manila's minimum wage in May from the current level of 64 pesos (£1.80) for a 44-48 hour week, the Philippines is likely to remain one of the region's cheapest labour markets for some years. Strikes which erupted in the

first liberal days of President Corazon Aquino's term have greatly subsided. The new 1986 labour code redressed some of the injustices of the Marcos years, but the two largest moderate union groups have gained ground over the radical Kilusang Mayo Uno (KMU) which was behind many of the earlier politically-motivated strikes. However, there is at least one case of a foreign bank manager receiving a death threat while negotiating a pay award, and hastly leaving the

The reverse side of the cheap labour coin is a per capita GNP below \$600, which restricts the size of the local market.

The most frequently cited drawback is the law allowing

foreigners to own only 40 per cent of a company unless it is exclusively exporting, although similar laws in Thai-land, for example, have obvi-

SETTING UP **BUSINESSES** IN ASIA



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basis of a few initial contacts," savs Mr Peter Wallace, a Manila consultant for Business

International.

Theoretically, registration of a new company with the Securities and Exchange Commission can take as little as 24 hours, while the Board of Investments (BOD) provises to Investments (BOI) promises to register companies within 30 days, a process that carries certain investment incentives

But in practice, this is likely to be an investor's first contact with his biggest headache, the bureaucracy. "The BOI is very helpful but other departments

more scounted, graft, many businessmen say. Here, more than anywhere a good hand, or fixer is still essential of imported materials are to their materials are to their materials are to their

The BOI's incentives, which are designed to match what is on offer elsewhere in Asia and generally do include a mix of tax holidays (up to eight years), duty exemptions sidd accelerated degrectation scales. Under this 1987 Omnibus investment Code incentive are available to compatible tiles create large numbers of jobs, transfer skills and technology, locate in least developed signs. increase exports or contribute to the future development of to the fixture development of the economy, a catchell that shows "pioneer" or "priority" status is negotiable, especially when the potential investment is large. Repatriation of divi-dends and capital is guaran-teed and, with some short

delays, works in practice. By regional standards, office and housing costs in Manila are still cheap although prices have started to rise. An office in the heart of the Makati business district will cost up to 150 pesos (£4.30) per square metre per month, up 25 per cent from

ously not held back invests says Mr Kansuhiller Historia. Telephone installation can ment. Selection of your best. Uniden's thance different the be a problem, athough on a ness partners becomes critical Burean of Customs epitanties typically ad hoc basis busioned about hot be made on the the worst burean critical or, nesses can jump to the bead of typically ad hoc-basis businesses can lump to the head of others the immensity long waiting lists. In some areas surprintigly bloss to Manila. Philipping Ling Distance Telephone. Which is virtually a monopoly, simply does not have as to be able to be a consequent or land line analysis of the consequence of the conse

capacity and is unlikely to entil it increases capital investment.

Rousing costs are also leaping, with house rents in the summer of ribings doubling in a year to 22,00-24,000 a month. Further from Maisti, but still within sear bommuting distance, houses can be found for around 1800 a month. Security alsund these urban "villages" and the rivellent international achools is tight but aimed at there has been almost no there has been almost no threat to expatriates from the country's Communist insur-

Despite the relative political calm, many Japanese manufac-turing investors remain scepti-cal. It is undeniably still a touch unpredictable. Shrill headlines, a cantankerous Congress and a people who sometimes appear to thrive on crisis become commonplace to a resident businessman. His head office may not find it as easy to



OBITUARY

Hu Yaobang, Chinese reformer

BU YAOBANG, the former Chinese Communist Party leader who died of a heart attack in Peking on Saturday, was once the protage of senior leader Deng Kisoping and still a member of the party's pow-erful polithero, Reuter reports

from Peking.

But he was onsted in January 1987, by party hardiners after a wave of student protests and was said to have enjoyed little real power in the polithuro since then.

Ru's liberal stiltudes made bim popular among foreign leaders and Chinese intellectu-als but led to his downful at the hands of party bardliners who accused him of allowing Western political ideas to spread unchecked.

Hu, a strong advocate of Deng's ambitious economic reforms which have transformed life for most of China's 1.1hn people, became party leader in 1980.

He was one of China's first

ionders to travel widely, tak-ing the message of his coun-try's new open-door policy to Japan, Australia, Western and Eastern Europe.

Rastern Europe.

As with many of China's veterans, his political career suffered cycles of successes and defeats. A native of Hunan province. He joined Mao Tectung and his communist guerrilles on the epic Long March in 1984 and was later given sufficient mosts in the Papple's

in 1934 and was later given notitical posts in the People's Liberation Army.

Large crowds of students vesterday mourned his death, pasting up hundreds of posters on Peking campuses calling for freedom and democracy.

Korean poll bribery admitted

By Maggle Ford in Seoul

MR KIM Young Sam, one of South Korea's main opposition leaders, has been forced to make an apology over a brib-ery scandal disclosed during a parliamentary by-election.

The Secretary General of Mr Kim's Reunification Democratic Party has resigned after admitting he agreed to an offer by an opposing party's candi-date to step down, in return for a payment of Won 150m (£133,000). The candidate is now under

All four candidates in the

by-election have been charged with breaking the election laws by trying to buy votes, holding illegal rallies and using banned campaigning methods, such as canvassing electors and distriday, was won by the candidate for the ruling Democratic Jus-tice Party, but his victory may be declared invalid. The ruling party has admitted that the present election laws are so restrictive that it is almost impossible to hold a fair cam-paign and has called for their

Mr Kim Young Sam said at the weekend that he knew nothing about the payment to the opposing candidate, who was standing for the New Democratic Republican Party led by Mr Kim Jong Pil.

The lesson from the case was

that politics had to be cleaned up, he said. The leader of the main opposition party, Mr Kim Dae Jung, yesterday called for a meeting of the three Kims to reunite number of other serious political issues.

The Government has attracted strong criticism over the arrest of a senior professor. who was an adviser to a new liberal Seoul newspaper. The professor is being investigated for allegedly trying to arrange a visit to North Korea by the paper's journalists. Contact with the Communist North is banned under the national security law.

In the wake of an unauthorised trip to Pyongyang by the Rev Moon ik Hwan, a Protestant minister now under arrest, the Government has detained several more dissi-

A spokesman denied, however, that the detention of the professor was the start of a

Over 500 Swapo rebels 'move out of Namibia'

MORE than 500 Swapo guertillas from northern Namibis have been moved to posi-tions north of the 16th parallel in Angola under a week-old withdrawal agreement, the official Angolan news agency ANGOP said yesterday, Reuter reports from Launda.

ANGOP quoted Angolan Defence Minister Colonel-Gen-eral Pedro Maria Tonha as telling reporters in the southern city of Lubango on Saturday that fighters of the South West Africa People's Organisation were continuing to cross from Namihia.

But United Nations Under-Secretary General Marrack Goulding, who accompanied Gen Tonba on a tour of bases where the Swapo guerrillas were being confined, said in

"We have not yet established how many have come back across the frontier. A Swapo spokesman, mean-while said at the weekend that

Luanda on Saturday night:

the guarrillas would continue to bypass UN assembly points inside Namibia, all ringed by South African troops.

Mr Hidipo Hamutenya, the Swapo Information Secretary, claimed, after attending an

anti-apartheld meeting in the Netherlands, that South Arti-can troops had killed 14 Swapo members in the past few days He said Swapo could easily meet the new deadline of April it for all of its guerrilles to be out of Namible if South Afri-ben forces were not patrolling the horder and actively trying

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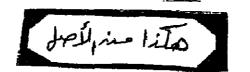
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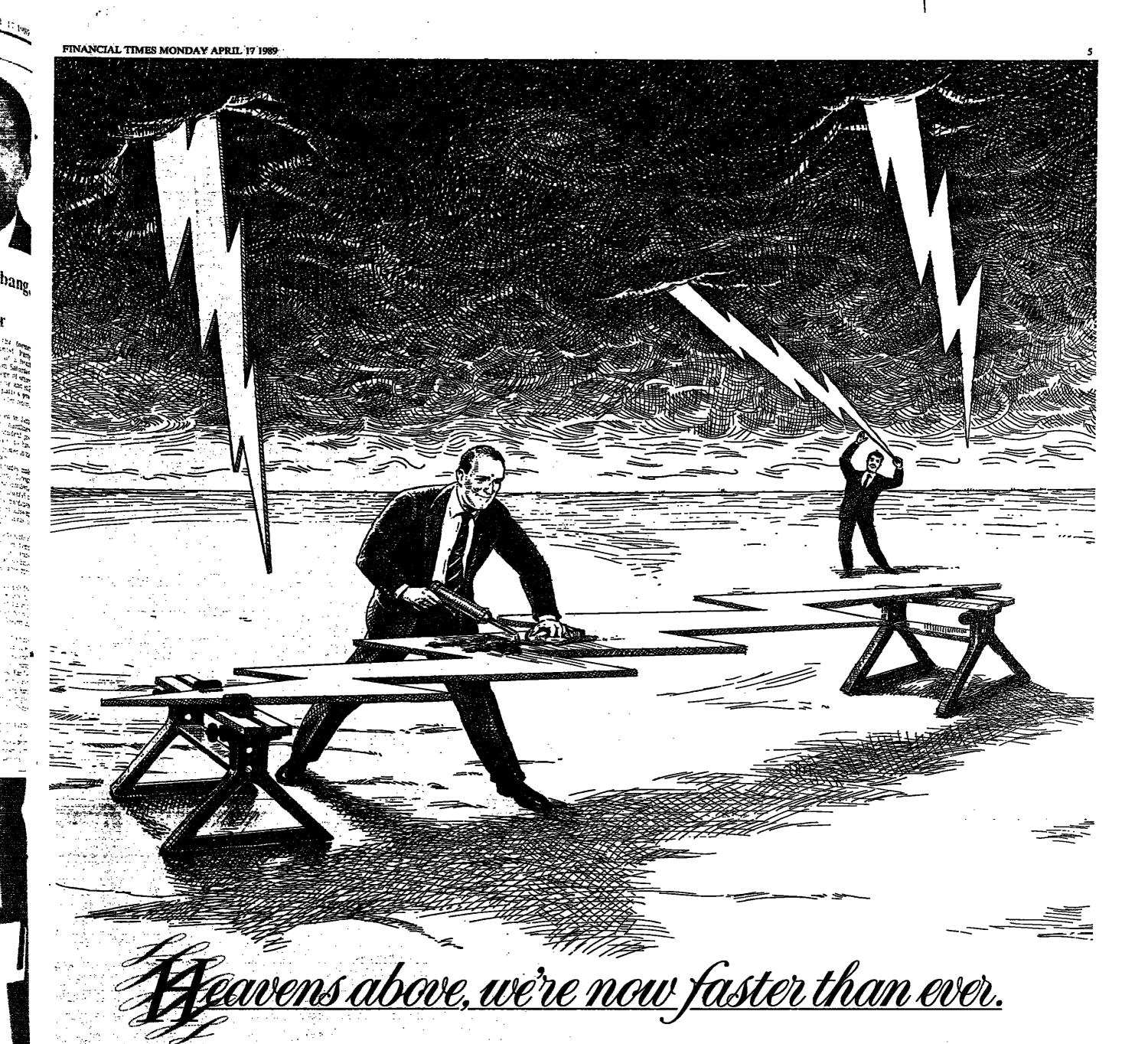
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New Iron Lady ventures onto EC's tax-setting battleground

David Buchan profiles a Commissioner who believes the current phase of intensive negotiations requires a fresh approach

AX is one of the Euro-pean Community's great battlegrounds. A Eurocast iron reason (and armour) to venture into an area where national governments guard their tax-setting prerogatives so jealously and where each can wield a veto to block any EC action.

Mrs Christiane Scrivener. the first holder of the Commission's new tax portfolio, firmly believes it is in the interest of European governments and business alike that action should be taken on the tax

front.
Bringing Europe's indirect tax rates closer together is necessary. essary, she says, for the "aboli-tion of fiscal checks, as well as of other controls, at Europe's internal frontiers". Common tax treatment of investment income by the Twelve may not be a pre-condition for next year's planned lifting of exchange controls, but "it is a minimum measure for it to take place in the best condi-tions". Solving a number of long-standing corporate tax problems is necessary to "make easier the life of companies in the big internal mar-

Since January, Mrs Scrivener has been working on a wide front. She proposed in February a minimum 15 per cent withholding tax on the income which individuals

receive from bank deposits and many of the bonds they hold. She is re-casting proposals on value added tax and excise duties to try to make them more palatable to govern-ments. And, today, she will ask EC finance ministers meeting in Luxembourg to pass a package of three corporate tax directives, two of which date back to 1969.

But the biggest change, so far, is in her style, which differs markedly from that of Lord Cockfield, her Commission predecessor in the tax area. Legal harangues have given way to talk of flexibilty, compromise and political deals. While recognising the "remarkable work" of Lord Cockfield, she notes that the former UK Commissioner had "the style of an eminent jurist" and says she has made it a priority to "re-establish relations with finance ministers".

Diplomatic relations had been virtually broken off in certain cases, such as between Lord Cockfield and Mr Nigel Lawson, the UK Chancellor of the Exchequer. The current "phase of intensive peoplic." "phase of intensive negotia-tions" over tax requires a different approach, says Mrs

Whether the widely-advertised flexibility of Mrs Scriv-ener, whose well-coiffed exterior conceals a tough will, can continue as member states' demands progressively reduce her margin for manoeuvre is doubtful. But for the moment she is stressing the pragmatism she learnt in business (running a professional trainthe knowledge of the European Community she gained through 10 years as a Euro-MP,

to get progress.

Thus, she is dropping hints of compromise left and right. Zero VAT rates for basic items, to which the UK in particular is wedded, might be possible, she has suggested. Lowering the proposed withholding tax to 10 per cent thereby placet. the proposed withholding tax to 10 per cent, thereby placating West Germany, would accord with her personal preference, she says. The new Luxembourg bank secrecy law is to be welcomed, she adds, particularly if it makes it easier for the duchy to concede a withholding tax. "A global compromise" coupling both VAT and capital savings tax could be entertained, she believes.

This leaves the present state of the tax dossier as follows:

Value added tax. The Commission has so far left unchanged the 1987 Cockfield proposals for VAT rates to be grouped into two bands—14-20 per cent for standard

14-20 per cent for standard items, and 4-9 per cent for basic necessities. This has drawn objections from high-taxers like Denmark (with a single 22 per cent rate) and from low-taxers like the UK (which along with Ireland and Portugal zero-rates some

None disputes that removing fiscal frontier checks might lead to trade distortions. But the UK argues that closer alignment of differing rates should be left to market forces, while most other countries now argue for Brussels-led action (each country, of course, putting the burden of adjustment on to its neighbours) to put rates in even narrower bands than originally suggested by Lord Cockfield.

Mrs Scrivener says she would "prefer not to have a formal legal derogation" for the UK and others to continue zero-rating. "The right way would be to do a deeper study for a better solution", she says, hinting at one line of current Commission thinking — to set Commission thinking - to set only a maximum rate for the lower band, not dissimilar to a recent European Parliament committee call for a 0-6 per cent band.

Two VAT aspects are under detailed examination. A Com-mission working group is studying the many governmen-tal objections to the Cockfield plan for a clearing house, designed to ensure that VAT receipts would still end up in the coffers of states where goods are bought or consumed, rather than where they are produced. Mrs Scrivener says she will go for "any pragmatic, non-bureaucratic" system that



Another working group, this time inside the Council of Ministers, is studying which goods might end up in which VAT rate band. In addition, Mrs Scrivener says special arrange-ments will have to be made for mail order goods and, maybe, for high-value, mobile goods

• Excise. One of Lord Cockfield's few concessions was to admit that a single rate of excise for alcohol, tobacco and, perhaps also, petrol was politically impossible. His successor endorses this, given the differing notions between northern and southern Europe on health

to raise

finance for

Paris daily

MR Gerald Long, the former chief executive of Reuters, the international information

group, is making renewed

efforts to raise finance for a new quality daily newspaper in

Plans for backing by Mr Con-rad Black's company Hollinger, which controls the Daily Tele-

end of the market and would

circulate primarily in the French capital and surround-

area.

According to Mr Long, the according to Mr Long, the according to Mr Long, the according to Long of Hollinger's French Canadian publications, Mr Pierre Des Marais, supported the concept and was proposing to invest FFrsi00m.

The talks broke down

The talks broke down because of disagreements over

the size of the Hollinger stake

and the stake that would go to the founders, Mr Long and Mr

Tom Sebestyen, a former editor

Mr Long, who also used to be deputy chairman of Mr Rupert Murdoch's News International,

and who now lives in Paris,

added: "The essential thing is to create this newspaper. We believe in it. We think there is

a market for it and we want to

Mr Long believes the paper

of l'Express.

By Raymond Snoddy

ener suggests that excise rates might be approximated by region, so that they would not differ greatly is tween adjacent. EC states Excise stamps might also be put on bottles and cirarettes to deter around portal reprehases of such litting.

• Capital savings tax. Uniquely, in this sector, EC governments have set a decision deadline of June 30 1999, along to them to lift all capital most of them to lift all capital most of them to lift all capital controls exactly a year later. Mrs Scrivener professes sympathy for the argument of states like the UK, which says others should follow its example in removing foreign exchange controls without worrying about capital flight and tax evasion. But there are other countries, like her native France, which have long traditions of exchange controls and which have a certain treat-

and which have a certain trepi-dation of liberty" in this domain.

"If there are one or two countries... who are obliged to go back on their commitment to capital liberalisation, because of money leaving their borders," the Commissioner hypothesises, "then the single financial market would exist no longer and your of the no longer, and none of the countries would be happy." The UK and Luxembourg

governments may oppose her plan. But she claims that, according to her soundings, in both countries "financial cir-

cles are not opposed to the principle of a withholding tax, which is a formula that is modern, efficient and capable to being extended to third countries. These two leading financial centres, she says with a touch of guiletol flattery, are note strong enough to shoulder a withholding tax and remain highly competitive.

Corporate taxes, Mrs Scrivener is reviving some proposals which go back into the mists of Community history, and she herself delves back to the immediate post-war era to

and she herself delves back to the immediate post-war era to explain:— and complain of— the tendency for "inter-com-pany links to develop more between the US and Europe rather than between different European countries". As a for-mer company head, she takes to heart the need to remove the fiscal obstacles to better crossfiscal obstacles to better cross-border company co-operation. Mrs Scrivener is joining Spain, which currently holds the EC presidency, in blowing the dust off three old directives

designed to avoid deathle taxation of dividends paid from a subsidiary to one mamber state to a person company in another member state, to defer tax on the member state, to defer tax on the member state, being merged with a company in another EC water, and to arrange arbitration detwoen national tax audications outline for pricing practices within multinational companies. In addition, she plans a new proposal on facel compilitation of multinational companies profits and leases.

in and losses.

Social security taxes. This is an area never before within the Commission's purview. Mrs. Socience is careful to stress that, at this stage, she has only ordered a fact finding exercise to ascertain the diverse ways in which the Twelve finance their welfare states, and the extent to which these affect. extent to which these affect companies and their competi-tiveness in the world market. Her general concern seems to be that European compenies have to shoulder charges that are 30-50 per cent higher than their US or Japanese rivals, though what can be done

about this at an EC level is not at all clear. One area, however, will stay outside the Commission's expanding tax dossier. "There is no question of us getting involved with personal income tax rates," says Mrs Scrivener.

OBITUARY: ALBERT BONNIER JR

Patriarch of Swedish publishing groups

MR Albert Bonnier Jr, the great patriarch of Swedish publishing and the head of one of Sweden's wealthiest Jewish dynasties, has died at the age of 81 after a short illness.

Mr Bonnier Jr had only recently retired as chairman of the board at the Bonnier family's publishing group which he built up to become Sweden's leading magazine and book publishing house.

Titles under his control included Dagens Industri, the Swedish business daily newspaper, and Veckans Affaerer, the weekly business magazine. Mr Bonnier Jr also controlled Sweden's two biggest circulation newspapers in the morning and evening markets, the daily Dagens Nyheter and the evening tabloid Expressen, both of which are liberal in their political outlook.

Although Mr Bonnier was a supporter of the Liberal party, he never interfered with the editorial policy at his newspa-

However, his editors have at times waged aggressive cam-paigns against the ruling Social Democrats.

This occurred most notably last year when Expressen was instrumental in calling for the resignation of Mrs Anna-Greta Leijon, the Justice Minister, over her handling of the Olof Palme murder investigation.
However, his favourites in
the publishing field were the

zines, many of which reached a wide audience of Swedish The Bonnier publishing com-

pany was founded by Mr Bon-nier Jr's great-grandfather in The company is privately owned and has a controlling stake in Marieberg, the listed company which looks after the

main daily newspaper inter-In recent years, it has tried to build up its publishing inter-ests in Europe, chiefly in the

Nordic region. Though generally rather publicity shy, Mr Bonnier Jr occasionally showed that he was not afraid of using the

media for his own purposes.

At a breakfast meeting with journalists last autumn, he made a sufficiently scathing attack on Mr Jan Wallander, the chairman of the Marieberg board, to prompt his resigna

In his memoirs, Mr Bonnier said he believed only 5 per cent of readers bought newspapers to satisfy their quest for infor mation. Some 15 per cent of readers.

he said, wanted them to supply opinions, and the rest simply wanted help in escaping real-

graph, came to nothing earlier this year. The proposed paper, 24 Heures, would be politically independent, aimed at the top SARA WEBB

Call to develop world tourism Fresh effort By David Churchill, Leisure Industries Correspondent

Airlines, Holiday Corporation, SENIOR executives from the Walt Disney Company, Avis, and East Japan Railways. They acknowledged the

American Express and 16 other leading multinational compa-nies involved in international travel have called on Western governments to give higher priority to developing the world's travel and tourism industries

Their call comes today in a special report published by American Express, which suggests that travel and tourism collectively is the world's largest industry, with more than \$2. est industry, with more than \$2 trillion (million million) in sales each year, and employing over 100m people around the

world.

The top executives - representing airlines, hotel companies, car rental groups, and

other leisure companies - met in Paris this month to discuss the report's findings. Among the companies represented were Swissair, United companies involved in travel

"present low level of under-standing and priority that travel and tourism is assigned by many governments." In particular the executives identified a number of con-straints limiting the growth of international travel and tour-

ism by excessive regulation by national governments as well as a failure to invest in the infrastructure needed for tour-ism development. The group of companies is planning specific programmes to help achieve "free and open markets for travellers and companies providing international

travel and tourism services and expansion of transporta-tion systems." and tourism "to accelerate efforts to bring about a broader appreciation of the industry's importance and the need to shape government policies that will enable the industry to maximise its growth and eco-

nomic contribution". The American Express survey - prepared by Wharton Econometric Forecasting Associates — says that travel and tourism is "the largest indus-try in the world in terms of employment and ranks in the top two or three industries in almost every country in the world on nearly every mea-

Mr Aldon Papone, chief executive of American Express Traval Related Services, said: "Given our economic size and scope, we must assume a leadership role in economic and social policy debates and deci-sions around the globe".

producers said to have secretly held on to some of their excess stocks of mediocre wine, then

to have sold them under some

of the most venerable labels of Bordeaux. The bottles were largely shipped to expensive Paris restaurants.

Police started investigating

in August 1987; but it took

them until now to complete

investigations,

The doors of Beijing's other legendary Palace are now open.

The dragon Empress considered the doors of her many palaces their most important feature. They enclosed the luxury. comfort and privacy reserved for herself and her

chosen guests. The doors of The Palace Hotel were created in another age but in the same Italiano, Bavaria Bierstube, tradition of old. the comforts, service and hospitality on which they open would seem familiar

The 570 rooms and suites

to the dragon Empress.

offer a full range of accommodations from de luxe rooms to The Palace Club Executive Floors, Duplex, Presidential and

Wangfujing suites. The dining choice is equally tempting. French cuisine at Champagne Room, Roma Ristorante

the Fortune Garden Lounge, Rumours Discotheque, The Point

Cantonese restaurant. For a quiet drink or late night relaxation, Intermezzo

After lounge and Piccadilly

Japanese Restaurant, the

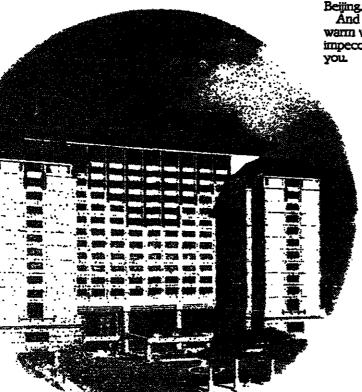
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tastes. The Crystal Ballroom and other function rooms are

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Palm Court Coffee House, a Night Club cater to all

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from the other Palace. The Palace Hotel at Wangfujing is at the very heart of

will need an up front invest-ment of FFr60m and overall finance of between FFr120m and FFr150m. The first year target circulation would be 80,000, rising to 150,000 by the third year. The paper would be factual

> Independent.
> "We have the last 10 per cent (of finance) 20 times over. It's the first 10 per cent we are not getting," Mr Long conceded.

ness and economic affairs than

the minutiae of French politics
- almost a French equivalent

in Jerusalem

BIDS for the 55 per cent holding in the Jerusalem Post newspaper held by IIC, an investment subsidiary of Israel's troubled Koor Indus tries, close today, and senior staff at the newspaper say that in recent months more than a dozen parties have expressed interest in gaining control.

Mr Robert Maxwell, the British publisher, said he had joined forces with Mr Charles Bronfman, of Canada's Claridge Group, to bid for the stake in the English-language daily. Mr Maxwell and Mr Bronfman, both separately interested in several other of the assets (worth \$200m in total) being disposed of by Koor,

The Post, with a peak circu-

The staff's preferred bidder is the Pratt Group of Australia, which prints and distributes the international edition.

Scandal shakes Bordeaux wines

most expensive wines in the world, had been the target of a similar fraud in 1984. "The

sharp rise in the price of Bor-

deany during the last few years has clearly encouraged dishon-est people," Mr Christian Moueix, the director of Cha-

teau Petrus, said in a French newspaper interview yester-

Police have arrested mem-bers of two wine trading com-

THE famous claret wine Both Chateau Marganx and panies and are expected to growing region of Bordeaux Chateau Petrus, among the arrest a number of local wine has been shaken by a new most expensive wines in the producers said to have secretly scandal involving the sale of second-rate wines under some of the most prestigious labels of the region such as Chatsau Margaux or Chateau Petrus, Paul Betts writes from Paris.

The scheme was exposed this weekend when police arrested several local wine producers and merchants in the Lot et Garonne region of south-west

France. SHIPPING REPORT

Big increase in tanker inquiries THE volume of both inquiries and fixtures in the spot market for the bigger ships increased markedly last week, but rates for most voyages failed to improve because of a surplus of available tomage.

Furthermore, those owners who managed to fix their tonnage at improved rates found rather than opinionated and give greater emphasis to busi-

of the UK's quality daily, The in bunker prices.

Bids close today for 55% holding in Jerusalem Post By Hugh Carnegy

declined to put a figure on their joint offer.

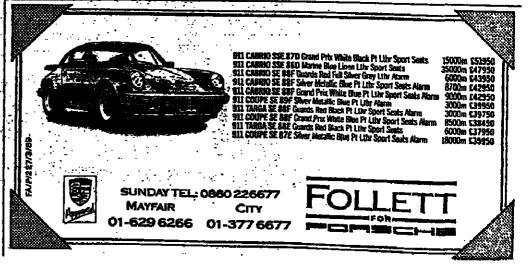
lation on Fridays of about 45,000 in Israel and an international weekly edition selling more than 60,000, says it has broken even in the past two

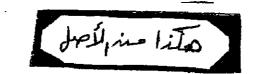
By Kevin Brown, Transport Correspondent of NWS 59/60 in mid-January.

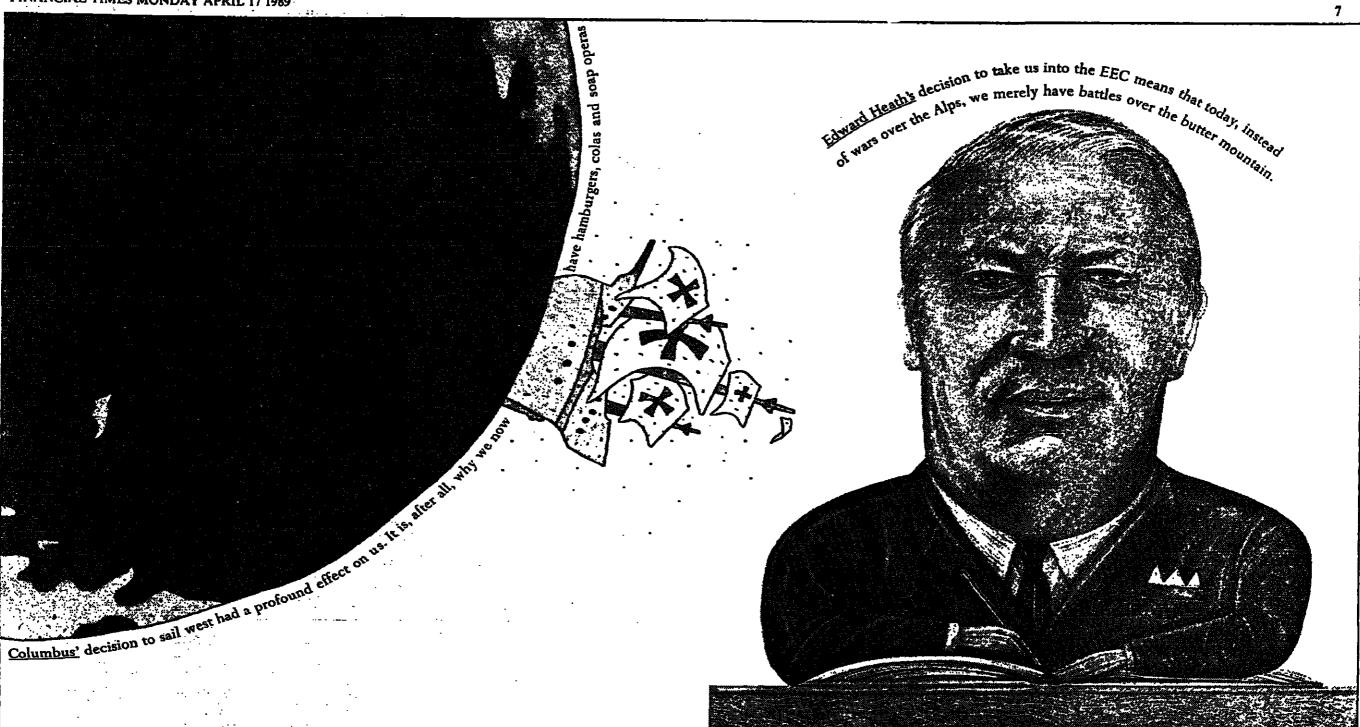
Rates for voyages to the East were around 2.5 points higher. compared with around NWS 59/62 three months ago. Brokers said many owners

were concentrating on the shorter trip to the Red Sea, at a premium of around 2.5 points over the voyage to the East, in the hope that rates will recover fairly rapidly.

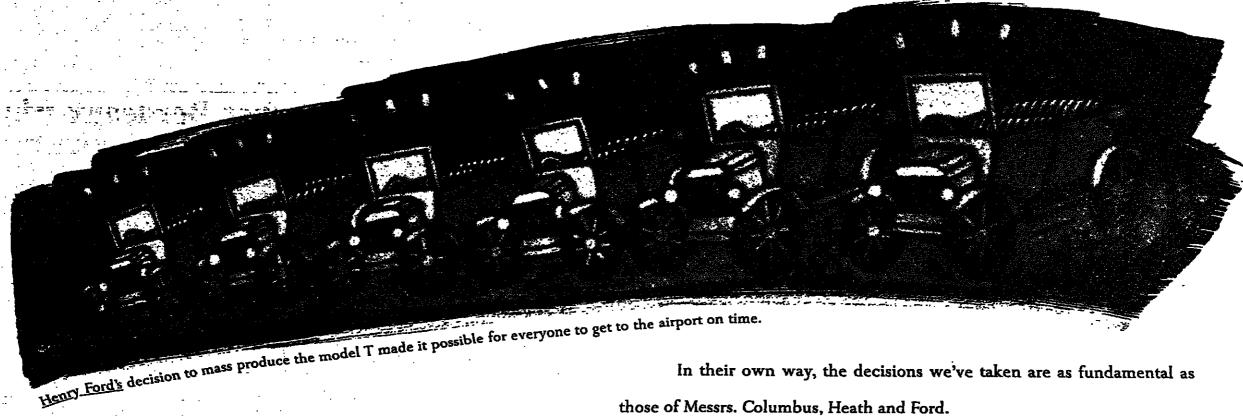
WORLD ECONOMIC INDICATORS nage at improved rates found their voyage returns little improved because of increases UNEMPLOYMENT Mar '88 6,801.0 US 000's % W Germany 000's 5.6 2,440.0 9.9 419.0 10.9 2,592.1 9.1 On the other hand, brokers said oil companies and traders 5.0 2,178.2 8.4 380.2 5.1 2,305.0 8.9 384.4 % Belgium 000's were showing increasing inter-est in time-chartering ships, mostly for between six months 10.5 2,074.3 and two years. Around 20 very large and ultra large crude carriers were fixed out of the Middle East Gulf during the week, totalling Feb '89 1,440.0 Jan '89 1,430.0 Feb '88 1,660.0 2.6 2,581.9 Japan 000's France 000's over 5m tonnes deadweight. Around a dozen vessels of some 3.5m dwt remained avail-2,527.4 10.0 able for prompt fixture, and nearly 30 ships of 8m dwt were Dec '88 3,847.0 16.6 Jan '88 3,675.7 Italy 000's 3,851.0 16.4 said to be available up to the end of the month: The going rate for a VLCC to the West was around New Oct '88 678.20 Dec '87 Netherlands 000's 697.0 14.3 Worldscale 32/33, a slight fall on the previous week, but Source: (except US, UK, Japan) Europia down significantly from a peak







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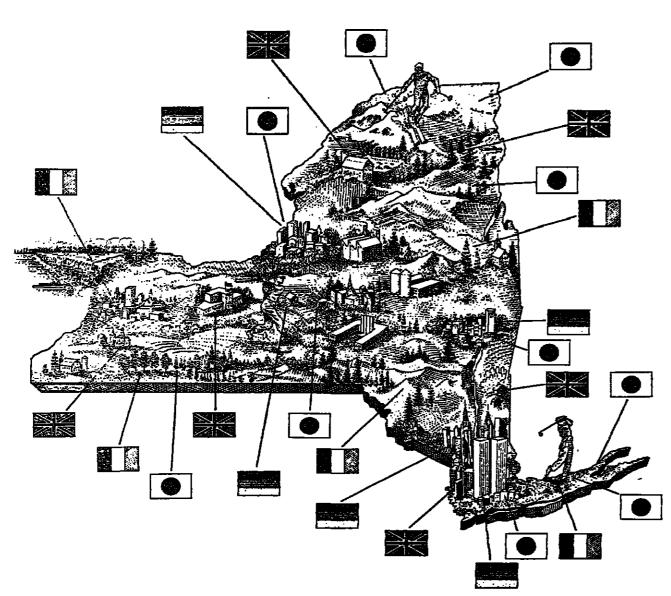
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CONTRACTS & TENDERS

NOTICE

SUDAN RAILWAYS CORPORATION STORES DEPARTMENT - ATBARA **CONTRACT NO. 5778** SUPPLY OF TROLLEY TRACK MOTOR VEHICLES AND **WORKSHOP TRAILERS**

Sudan Railways Corporation (S.R.C) has received a credit from SAUDI Fund for development and intends to apply the proceeds of credit to eligible payments under the Contract for which tenders are now invited from eligible suppliers for the supply of the above.

Tenders documents in English can be obtained from the following addresses on written application and payment of Sudanese Pounds LS. 1500 (not refundable).

a) Controller of Stores S.R.C P. O. BOX 65 Atbars - Sudan Telex 40002 Hadid/TWD Telephones 2020 - 3320

b) Stores Representative - Khartoum General Manager's Office P. O. BOX 1812 Khartourn Telex 22476 SRB/Hadid Telephone 74009

Closing date set for acceptance of offers in Atbara is 12.00 hours A.M. Local time on Saturday 27th May 1989.

Tenders will be opened in public in the office of Controller of Stores S.R.C Atbara at the line and date alipulated above.

COMPANY NOTICES

TARGET INTERNATIONAL GROWTH FUND S.LC.A.V.

2, boulevard Royal — L-2953 Luxer Notice is hereby given that an

EXTRAORDINARY GENERAL MEETING

of shareholders will be held at 2, boulevard Royal, Luxembourg on April 28, 1989 at 11.00 a.m. in order to resolve about the following: Amendment of the articles, including amendment of article 3 to insert the word «transferable» before the word «securities» in the first paragraph and to replace the reference to the law of August 25, 1983 by that to the law of March 30, 1988 in the second paragraph, as well as other amendments to articles, 8, 11, 12, 13, 16, 20, 22, 23, 25 and 30 required or permitted by the law of March 30, 1988, to adjust the articles to provide for certain amendments as a result of changes of general company law.

 The shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of two/thirds of the shares present or represented at such meeting.

Proxy forms containing the full wording of the proposed amendments are available upon request at the registered office. In order to be valid proxy forms duly completed must be received at the registered office on April 26, 1989 at 5.00 p.m. at the latest.

The Board of Directors

LEGAL NOTICES

CONTROLLER OF STORES.

THE BASIC GROUP LIMITED IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1988, that a MEETING of the CREDITORS of the above rarmed company will be hold at The Penguin Hotel, New Street. Birmingham on Workeduy 28 April 1999 at 10.30 am for the purposes of having laid before it the report prepared by the joint administrative receivers in accordance with the said section and, if thought the accordance a

Creditors whose claims are wholly secured are not entitled to attend or vote at the mosting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is fielde on the bill antecedently to the company as a security held by him (unless that other person is subject to a bankruptry order or in liquidation).

Creditors of the company may obtain, free of charge, copies of the report we have pre-pared under section 48 of the insolvancy Aci

DATED this 10th day of April 1989.

John F Fowell Joint Administrative Receiver.

SOUTHFIELD CARE HOMES

LIMITED IN RECEIVERSHIP

NOTICE IS MERCEY GIVEN, pursuant to Section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named company will be held at the offices of Cork. Gully, Oriel House, 55 Sheep Street, Northampton, NNI 28F on Wendesday, 26 April 1988 at 10.30 am for the purposes of having laid before it the report prepared by the joint administrative receivers in accordance with the said section and, if though fit, appointing a Committee.

epoteting a Commisse.

Creditors whose cisims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote at the meeting. Creditors who are partly secured may only vote to respect of the belance of the amount due to them after deducting the value of the security, as estimated by them, A creditor in respect of a debt due on, or secured by, a bill of exchange or promisenry note must treet the liability of any person who is liable on the bill antecedently to the company as a security held by him funities that other person is subject to a bankruptny order or in liquidation).

Creditors wishing to vote at the above meeting must lodge a written statement of their claims with us at Cork Guity, 43 Temple Row, Birmingham, B2 537 no later than 12 noon on 25 April 1989, forms of grouy are enclosed which, it intended to be used, must also be lodged with us by that time.

DATED this twelth day of April 1989 John F Powell and Nicholae R B Godden Joint Administrative Receivers

FT Management Reports

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THE RESOLVENCY ACT 1986

CALLYARO DIVESTIMENTS LIMITED

I Terence Charles Carter of Ernet & Whitney, Becket House, 1 Lambeth Palace Road, Lon-don SEI 7EU hearby give notice that on 22 February 1989 I was appointed liquidator of the above named company.

NOTICE IS HEREBY GIVEN that the creditors of the above company are required, on or before 30 April 1998, to send in their tull names and addresses, full particulars of their debts or claims, and the names and addresses of their solicitors (if any) to me addresses of their solicitors (if any) to me and it so required by notice in writing from me, are personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in detault thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated 21 February 1968.

CLASSIFIED **ADVERTISEMENT RATES**



TRUE ASSURANCE SOCIETY NOTICE OF AMNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Mosting of the Society will be held at Central Gardens, 80 Union Street, Oldham, Grester Marchester, 0.1.1 107 on Thursday, 4th May, 1969 et 11.00 a.m.

Agends
7. To receive any apologies for absence.
2. To read the Notice of Meeting.
3. To approve the Minutes of the last Annual General Meeting held on Wednesday, 23rd March, 1986 and consider any maters arising thereing the Period the Period of the Committee of Management, and the Accounts for the year ended 31st December 1988.
5. To receive and adopt the Report and recommandation contained in the Actuarial Valuation of Funds as at 31st December, 1988.
6. To elect Member(a) to the Committee of Management.

Management.

7. To re-appoint Auditors and authorise the Commissa of Management to fix their

remuneration. 8. To consider any other allowable bu By order of the Committee D. R. REES

In order to give effect to section 29 of the Finance Act 1988 by which life essurance premium relief was to be reduced to 12.5% with effect from 6 Anti 1989. It was resolved, pursuant to the Friendly Societies (Life Assurance Premium Relief) (Change of Reductions 1980, that the prescribed actions adopted by the Society under the Friendly Societies (Life Assurance Premium Relief) Regulations 1977 to amended as that amounts equal to 12.5% of the contributions due and payable on or after 6 April 1998 under contracts to which the scheme applies shall be retained by or retunded to the persone paying the contributions.

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UK NEWS

CBI/FT survey into consumer spending trends

UK retail sales rebound

By Raiph Atkins, Economics Staff

GROWTH in UK retail sales rebounded last month and was above retailers expectations, according to a survey published today.

The results of the Confederation of British Industry/Finan-cial Times distributive trades survey suggests the widely-ex-pected slowdown in consumer spending might not be as swift as previously thought.

It shows growth recovering from a low in February and retailers relatively optimistic about steady sales growth in

However motor traders' sales volumes last month were lower than a year earlier - the first fall since November 1986. At

Threat of

dock strike

THE PROSPECT of a national

dock labour scheme.

Mr Ron Todd, general secretary of the Transport and General Workers Union, is to meet tomorrow morning with Mr Nicholas Finney, director of the National Association of

the National Association of Port Employers. However, Nape insists the meeting is

purely to listen to Mr Todd,

not to negotiate.

Mr Todd wants the employ-

ers to agree to talks on estab-lishing "national conditions that are no less favourable"

than those in the dock labour

scheme, which the Govern-ment has pledged to abolish. "If Nape says 'no way, on your bike,' then I wouldn't let

much grass grow around my feet before calling a meeting of the national docks committee, probably on Wednesday," Mr Todd said yesterday.

There is a growing feeling

among port employers and some senior TGWU officials

that a strike is now inevitable.

Mr Todd has now twice won

mandates, from the union's executive council on Friday and a dockers delegates conference on Saturday, to delay a strike ballot until after talks

with Nape, but it is incumbent on him to hold a ballot "with-out delay" if talks fail.

strike could take place

A ballot would probably

By Flona Thompson, Labour Staff

national

grows

the same time orders placed by wholesalers and motor traders

Out of 296 retailers replying to the survey, 56 per cent said sales volumes in March were higher than the corresponding period a year before and 21 per cent said they were lower. For April, 55 per cent expec ted an increase compared with a year earlier and 19 per cent forecast a fall.

Mr Nigel Whittaker, chairman of the survey panel, warned that the pattern of retail sales varied greatly from month to month. 'It would be premature to conclude. . . that the slowdown of high street spending we have been wit-

nessing is now over. While interest rates remain high, consumers' spending power will be squeezed, he said.

Later today the Department of Trade and industry will publish provisional estimates of retail sales volumes in March. These have often appeared to emilict with the CRIFT survey conflict with the CBUT survey sithough the underlying trends shown by each have been broadly similar.

In February the DTI figures showed a big jump compared with the previous month. A bigger than expected fall in today's figures could ease fears in financial markets that interest rates will need to be raised

bers bill, which it believes is impractical, does not pass but because of the strength of sup-port on the back benches and the fact that press excesses are

seen as a real problem it does not feel able to put on the whips to ensure its defeat.

The idea of an inquiry into the current state of press law came from Mr Blom-Cooper

when the Home Secretary said

he had to have something more substantial to offer par-

liament than a planned reor-

ganisation of the press council. Meanwhile introducing his

first annual report as chairman

of the Press Council, Mr Blom-Cooper, while warning against too much reliance on the per-

sonal power of the council chairman, calls for a concerted

effort to avert right of reply

legislation. The Press Council

chairman is, however, not per-sonally opposed in principle to a legal right of privacy. Press and the People is audit-able from the Press Council, No

Inquiry into media law may be headed by Press Council

THE Press Council may be asked to organise an inquiry into the state of media law in the UK in an effort to head off private members' legislation docks strike grew yesterday as port employers reiterated their opposition to any form of negotiation over replacing the

on the press.

Mr Louis Blom-Cooper, the new chairman of the Press Council, the body funded by the newspaper industry to investigate complaints, has had talks on the issue with Mr Douglas Hurd, the Home Secre-

The Government has not made up its mind on whether to set up a non-governmental inquiry under the aegis of the Press Council or instead insti-tute a departmental inquiry to look at a wide range of press law issues including concentra-tion of ownership in the media. A decision is likely to be

taken at Thursday's Cabinet meeting and Mr Timothy Ren-ton, the Home Office Minister, will announce the result on Friday during discussions on Mr Tony Worthington's Right

The Government wants to ensure that the private mem-

1 Salisbury Square, London ECAY SAE at 25 plus 60p post-Settlement in sight in lecturers' dispute

By David Thomas

THE THREAT to this year's university examinations eased considerably at the weekend, as the lecturers union decided receive about 80 per cent sup-port. It would take at least three to four weeks before a to scale down its exam boycott and said that limited concessions by the employers would lead to a settlement.

Members of the Association The employers want to negotiate on a port by port basis, not nationally. But Mr Bill of University Teachers, engaged in an increasingly bit-Morris, TGWU deputy general secretary, insisted the scheme would have to be replaced by a ter exam boycott, voted narrowly to reject the latest pay offer from the Committee of Vice Chancellors and Princinational agreement guarantee-

ing job security.

If a strike is called, Nape members would seek an However, the union's execu-tive also decided to recommend injunction to get it stopped on the grounds that it was illegal to its governing council on Saturday that exams due to be sat this summer should be set but the grounds that it was megat because it was a political, not a trade dispute. Mr Todd says he would defend it as a trade dispute in court. not marked. Ms Diana Warwick, the union's general secretary.

explained yesterday that the executive was responding to concern about the boycott expressed by the National Union of Students and by many lecturers. Ms Warwick denied the eas-

lecturers were not prepared to press on with the dispute. Sir Mark Richmond, chairman of the Vice Chancellors' committee, welcomed the easing of the action, but added:
"Unfortunately, however, itdoes nothing to resolve the dis-

The Vice Chancenors nave stressed that they have no more money for an increased offer. The Government has said it will release extra funding only once the union calls off its

Reforms rejected by family doctors

By Alen Pike, Social Affairs Correspondent

THE Government's isolation from the medical prefession over its health service reforms intensified at the weekend when the Royal College of General Practitioners over-whelmingly rejected the pro-

A meeting of the royal col-lege's 60-strong council lege's 60-strong council adopted a resolution declaring that "the college rejects the white paper 'Working for Patients' with only a single vote against. Leaders of the college will today amplify fears expressed by their members that the White Paper (policy document), proposals would have an adverse effect on natient care and doctor-pa-

would have an adverse effect on patient care and doctor-pa-tient relationships.

The coilege is responsible for maintaining professional standards among family doc-tors, and encouraging educa-tion and research. Ministers had regarded it as a more restrained body than the Brit-ish Medical Association, and a better hope for giving some better hope for giving some support to the White Paper

support to the watte raper proposals.

The scale of the college's rejection of the proposals is therefore a serious blow for Mr Kenneth Clarke, Health Secretary, and his colleagues. It casts doubt on Government suspicious that much of the secretary to the White Pener. opposition to the White Paper among GPs has been inspired by activists in the BMA leader-

ship.
Mr Clarke is fighting on two
overlapping fronts with the
GPs, trying to persuade them
to accept the reforms and agree new contracts. The issues coincide because some of the points in the contract negotiations - like proposals to make GPs' salaries more performance-related and performance-related and linked to the number of patients on their lists – reflect the thrust of the proposals. On April 27, a special con-ference of the BMA's general medical services committee,

which represents GPs, will consider both the White Paper and the contract negotiations. The agenda is dominated by motions opposing the reforms. A number of motions call for sanctions – including mass resignation from the NHS – if Mr Clarke tries to impose his new contract without agree

If, however, the conference ends with no new initiative to speed up the rate of progress in negotiations between the Department of Health and the BMA Mr Clarke is likely to be iorced into a early decision proposed contract terms. All members of the BMA will this week receive a special

report from its ruling council setting out its opposition.

The report says that, in view of Mr Clarke's determination to introduce his proposals without adequate time for consultation, pilot studies or eval-uation, the BMA will "continue to devote resources to inform the public and Mem-hers of Parliament of the dam-age which will be done to the National Health Service."

Report outlines plans for

UK's largest trade union By Michael Smith, Labour Staff

A MERGER between the local that Cohse, the health service government unions. Nupe and Nalgo, would create "the largest, best-resourced and poten-tially strongest union of its kind in Western Europe." according to a report drawn up

by senior officials. The document warns, however, that careful thought will need to be given to potential difficulties. These could arise from friction between member-ships at local level and differences between the two unions' political funds.

Both unions will present the

report to their annual conferences this summer. It proposes to intensify discussions with a view to produc-

ing a White Paper, or consulta-tion document, on the merger, which the two unions' conferences could debate in the sum-

Combining Nalgo, which has 740,000 members, and the 640,000-strong Nupe would cre-ate Britain's largest union. There is also the possibility ity" the report says.

union, would want to join an enlarged public services union. It has held back so far, however, from joining the discus-

Other alliances being considered are between the TGWU general workers' union and the National Union of Mine Workers, and between the AEU engineering union and the EETPU

electricians' union.
The Nupe-Nalgo paper points to the similarities between the two unions — both have a growing female membership, often share employers, and "face identical attacks". The paper also stresses the need for

unity.
It calls for better information to minimise friction between the two memberships. "Understandably, the members of each union hold opinions about the chief characteristics of the other union's members, which often owe more to myth and stereotype than they do to real-

BT unions gain members

By Flona Thompson, Labour Staff

UNION membership among senior staff at British Telecom. has increased by 17 per cent since January 1 because of opposition to management plans to introduce personal contracts, the Society of Telecom Executives said yesterday.

The STE, which represents the more than 4,000 senior managers involved, said membership had risen from 2,813 to 3,300. BT's plans were creating uncertainty and hostility, it

The package BT is offering to senior managers who accept personal contracts in place of collective bargaining includes a company car, medical insur-ance and telephone allowances. The society fears that if BT

succeeds in introducing personal contracts for the senior managers, it may try to spread them to junior managers. BT has made a 7.5 per cent pay offer to senior managers from last January but the STE says that is not enough.

ing of the boycott meant that

The Vice Chancellors have

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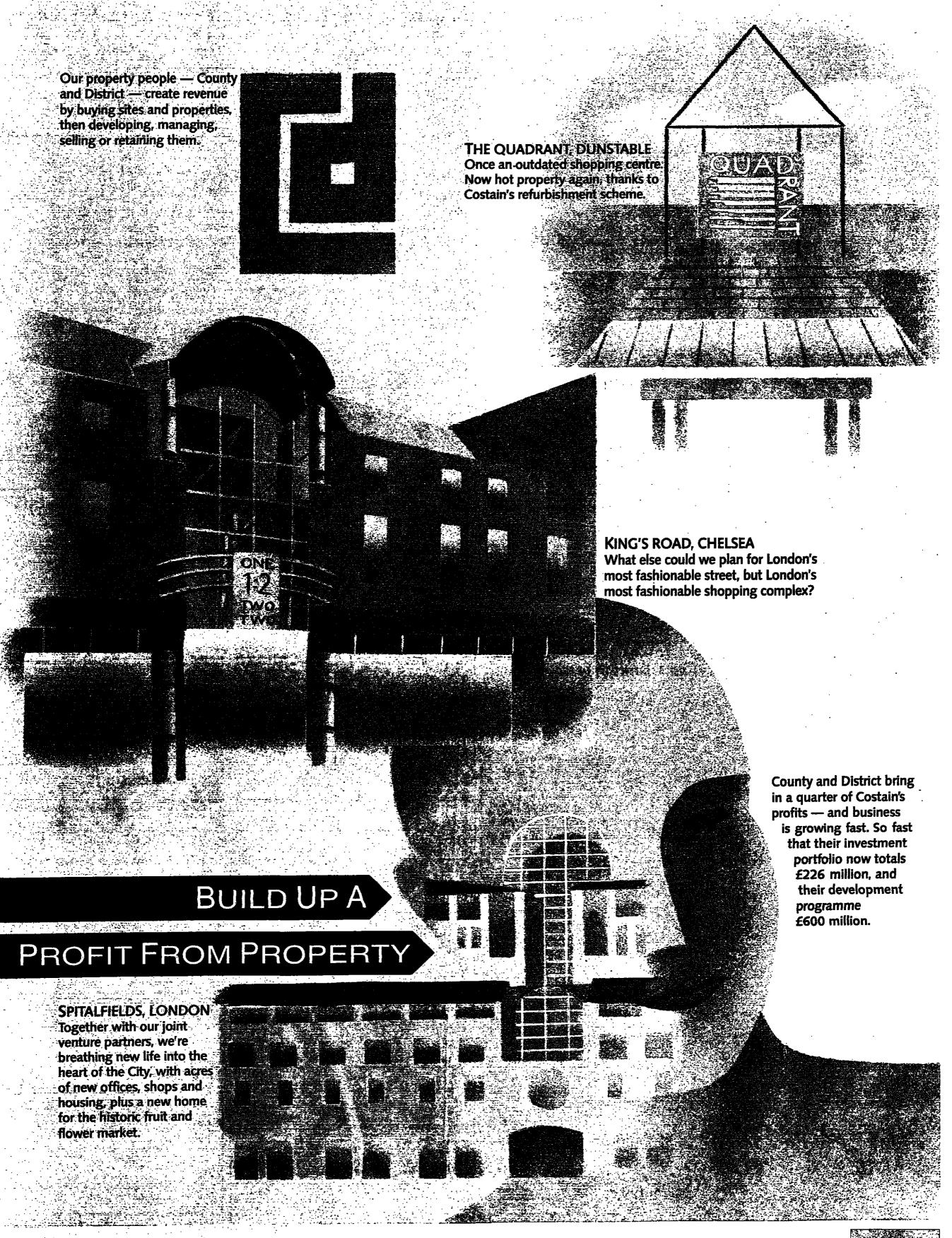
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UK NEWS

by rising trend in gas price for building

HOUSEHOLD gas prices have been rising in Britain at a time when they have been falling in other European countries. Nevertheless British prices remain at the low end of the

This emerges from a study of gas tariffs in Britain and five continental countries published yesterday by the Office of Gas Supply (Ofgas), the gas industry's statutory watchdog

It compares British tariffs with those in Belgium, France, Italy, the Netherlands and West Germany. However, British Gas and

Ofgas disagree over how to interpret the report, prepared for Ofgas by Energy Advice, an independent consultancy. Mr James McKinnon, the Ofgas director, said the report revealed a "worrying trend" in British prices which in recent

those on the Continent. But British Gas said the report as a whole showed British customers were getting "a very good deal" and accused Mr McKinnon of highlighting just one of the report's 16 con-

years were "out of line" with

In his introduction to the

report, Mr McKinnon noted that Britain's consumers paid less for their gas than people in most other countries except the Netherlands.

Since 1985, domestic gas prices had fallen in four of the six countries surveyed. In Britain, however, where

gas is currently exempt from value added tax, the price had gone up. It also rose in Italy, but that was caused by higher consumer taxes and VAT. Comparing July 1985 prices without VAT, the report says

the Netherlands and Britain had the lowest and second low-est levels, at 39.2p and 42.8p a

therm respectively.

However, by October 1988, while the Netherlands price had fallen to 33.3p, Britain's had risen to 43.6p. That put the Netherlands at the bottom of the price ladder and Britain third from the top. Over the same period the

price per therm rose in Italy and Britain by 3.2 per cent and 1.9 per cent respectively; in the other countries there were price reductions of between 15.1 per cent and 26 per cent.
"It will be interesting to follow these into the future," Mr

British Gas, however, said comparisons based on a single year had to be put in context. During the period in question oil prices, to which continenta gas prices were closely linked,

had fallen to very low levels. The survey also omitted gas price movements in countries such as Denmark, Spain and Ireland, whose inclusion would have given a different picture of Britain's relative perfor-

Among its other conclusions the report says: British consumers pay lower prices at almost all lev-els of domestic gas use than in Belgium, France and Italy once

VAT is added in those coun

 However, even with VAT. domestic gas prices in the Netherlands and parts of West Germany are lower than in Britain.

energy consumption in the domestic market now varies from 19 per cent in France to 83 per cent in the Netherlands and 61 per cent in Britain.

The EEC Domestic Gas Market; free from Ofgas, Southside, 105 Victoria Street, London

Complex insider dealing rules make trading 'very difficult'

By Raymond Hughes, Law Courts Correspondent

MANY PEOPLE are confused Model Code and the City take- unpublished price-sensitive about what constitutes insider dealing and why it should be condemned, the City law firm

Norton Rose says.
In a booklet published last week it says an allegation of insider dealing can be serious if it results in investors losing confidence in the management of a business

The booklet identifies where risks of insider dealing arise and shows how to avoid break-

ing the rules.
It looks at laws and regulations covering the subject, including the 1985 Company Securities (Insider Dealing) Act, the Financial Services Act, civil liability and regulatory codes, the common law, business rules for failure to Camomile Street, Lo SRO rules, the Stock Exchange give suitable advice, where ZAN, free of charge.

over code.

It concludes that "the range of regulatory codes and sanctions relating to insider dealing, and uncertainty as to what will constitute an illegal or prohibited transaction, make it very difficult for businesses and their directors to trade in securities with confidence.'

The problem is exacerbated, Norton Rose says, by the high public profile given to insider dealing allegations.
The booklet includes a warn-

ing about Chinese walls. They can, it says, reduce the oppor-tunities for insider dealing and provide a defence against claims under SRO conduct of information was not used or

relied upon. However, "it cannot be assumed that Chinese walls will provide a defence to a common law action for breach of fiduciary duty."

Norton Rose points out that since multi-service financial organisations owe a fiduciary responsibility to their clients there are occasions when the failure, through the presence of Chinese walls, of one section of an organisation to communicate with another section may breach the common law relat-ing to that responsibility.

Insider Dealing, Norton Rose, Kempson House, PO Box 570, Camomile Street, London EC3A

new homes

By Andrew Taylor, Construction Correspondent

RETURNS from more than 25,000 British housebuilders last month revealed a steep fall in plans to build new homes. Builders have been hit by sharply falling sales in southern England during the first few months of this year.

The returns made to the National House-Building Coundence yet of how increased interest rates have hit spending on house purchases.

Builders must register homes with the council before they can qualify for a building society or bank mortgage. More than 90 per cent of homes built in Britain are reg-

istered with the council.

Registration applications are usually made before building begins and provide the most up-to-date guide of builders' intentions and the state of the new housing market. Last month builders applied to register 15,200 new homes, 28 per cent fewer than in March 1988. However, this year Easter fell in March, which may account for some of the decline. In February the council received 18,200 appli-

in February 1988.

The number of applications received during the first quarter of this year was 12 per cent lower than during the first

cations, 10 per cent fewer than

quarter of 1988. Leading housebuilders, such as Barratt, Taylor Woodrow and John Mowlem, say house sales in southern England were 20 per cent to 30 per cent lower during the first three months of this year compared with the first quarter of 1988. Halifax, Britain's biggest building society, last week reported that average house

cent in southern England since the end of last year. House prices in northern England, where builders say sales have remained strong, had risen by 8.5 per cent since December. Halifax, however, expected the slowdown in the housing market, already affecting large parts of the Midlands, would spread to the north by the end of the year.

prices had fallen by up to 1 per

Ofgas director is 'worried' Fall in sales Legal nightmare looms for editors hits plans Raymond Snoddy looks at fears surrounding the Right to Reply Bill

R MAX Hastings, editor of The Daily Telegraph, writes about politicians but he never

writes to them - at least not Today he will break the habit of a lifetime and deliver to all MPs a personal letter on Telegraph notepaper expressing "the deepest concern and alarm" about Mr Tony Worthington's Right to Reply Bill, which is due to receive its

third reading in the House of Commons on Friday. The Telegraph editor concedes that he understands fully the feelings of impatience on the part of MPs and the public about the excesses of some

The danger, however, Mr Hastings believes, is that the bill, which provides for a statu-tory right of reply correcting factual inaccuracies following an adjudication by a new Press Commission, would cause greater difficulties to "respect able and responsible journalism" than to "irresponsible and disreputable journalism."

Broadsheet newspapers sim-ply contain more "facts," many of them of a contentious nature or capable of being con-

"However eager some people may be to strike a blow against reckless journalistic practices, which we all deplore, this measure would create a legal night-mare, and do great damage to all forms of journalism in this country," Mr Hastings will tell

Mr Worthington, the Labour MP for Clydebank and Milngavie, exudes exasperation when faced with the fears of broadsheet editors and the newspaper industry in general. Ten or even five years ago, he says, he would not have dreamed of introducing such a



Louis Blom-Cooper: opposed to bill

bill. Now he believes the need for it is almost self-evident. A few months ago he might have been prepared to with-draw if offered cast-iron guarantees that newspaper propri-etors would reform themselves, although he regards such a possibility as being so inher-ently implausible as scarcely to merit consideration. Now, he says simply, things have gone

The steady stream of letters of support from members of the public, he says, do not express worries about such concepts as theoretical threats to press freedoms. The issue, Mr Worthington feels, is much more basic than that. The rich can go to law to defend their reputations against press

attacks. There has to be some redress for citizens without means," Mr Worthington He is scathing about opporeally cared about their profes-sion, they should have done something much earlier to protect its standards and reputa-

The Press Council, he argues, is flawed because it is financed by the press and it "doesn't go out and stop things happening," rather than ajudi-cating on abuses weeks or

months after the event.

Mr Hasting's misgivings about the bill are shared by Sir Geoffrey Owen, editor of the

Financial Times. Sir Geoffrey said: "We have established procedures for correcting factual errors, but there are many cases where the facts are disputed. We feel the bill poses very great practi-cal problems and it is not at all clear how the proposed statu-tory right of reply would relate to existing law."

Mr Worthington responds that, if the Financial Times overstates the certainty of its "facts," it should be clobbered

like everybody else. Newspaper lawyers have, however, raised a number of serious questions about the

How will it fit in with existing defamation law? If a Press Commission ordered a reply, could it be considered defama-tory of the newspaper's original source and could this lead

to further rights of reply? The bill does not provide for absolute or qualified privilege defences that would apply in defamation cases. Does this mean that a newspaper might have to consider publication of a correction of a fair and accu-rate report of a minister's statement in the House of

Lawyers also point to the ct that there is no definition nents such as the Guild of in the bill of what should be Newspaper Editors. If they considered "a factual inaccu-

Commons?

racy and that there is no right of appeal, other than applying for a judicial review on proce-

dural grounds.
Mr Louis Blom-Cooper QC chairman of the Fress Council, is implacably opposed to a statutory right of reply, although he is sympathetic to the idea

right to sue for invasion of pri-A right of reply on factual inaccuracy by those directly affected would, he argues, have a very limited effect - involving porhaps 10 per cent to 15 per cent of the cases now com-ing before the Press Council yet it would involve increased government intervention in the press through the ability to

that there should be a logal

nmission. The Government's position opposed to press excesses, yet reluctant to surrender the principle of self-regulation happily

appoint members to a Press

espoused in other areas. espoused in other areas.
On Tuesday, when asked about the Right of Reply Bill during Prime Minister's Question Time, Mrs Thatcher said a private member's bill should be left to private members.

the bill), it indicates that there is great concern about some of the things that we see in the press today. We may not have the right answer, but we cannot ignore the concern," Mrs. Thatcher said.

Mr Worthington clearly has widespread cross-party support for his measure, but how great are his chances of success?

The support is there, but with private members' bills, all the odds are in favour of the filibusters," he said. "It depends on whether the aker gives me a fair chance and doesn't call too many

Sky Television sheds half its advertising sales staff

By Raymond Snoddy

MR RUPERT Murdoch's Sky Television has shed almost haif of its advertising sales staff because it has decided that the volume of work does not justify a department of about two dozen people.

Eleven people were invited to resign last week, although the satellite television company, which launched four channels in February, says the decision does not reflect disappointment with Sky's advertising performance so far.

More than 120 companies

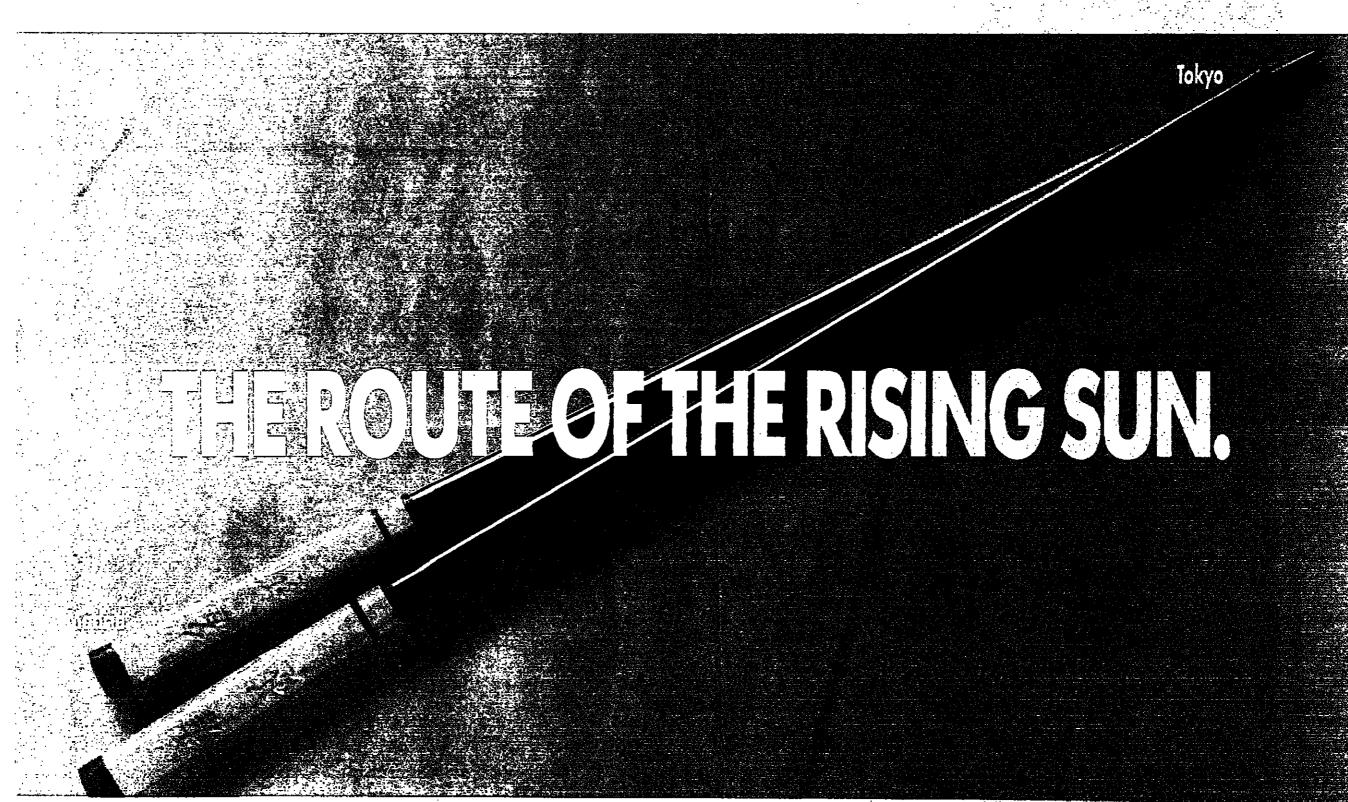
have advertised on the Sky channels. The company declines to say how much it has earned from advertising. Ms Pat Mastandrea, joint managing director and chief

sion, who used to work at Mr Murdoch's Fox Television in the US, decided there were too many people for the size of the

The cut also reflects a pulling back from continental Europe and a greater concen-tration on the UK market. Sky is also looking for a new rates.

operating officer of Sky Televi- director of advertising sales a position vacant for several

months. Last year Mr Murdoch promised that Sky would undercut ITV's advertising rates per 1,000 viewers by at least 25 per cent. That promise has now been withdrawn and Sky has been trying to "harden" its





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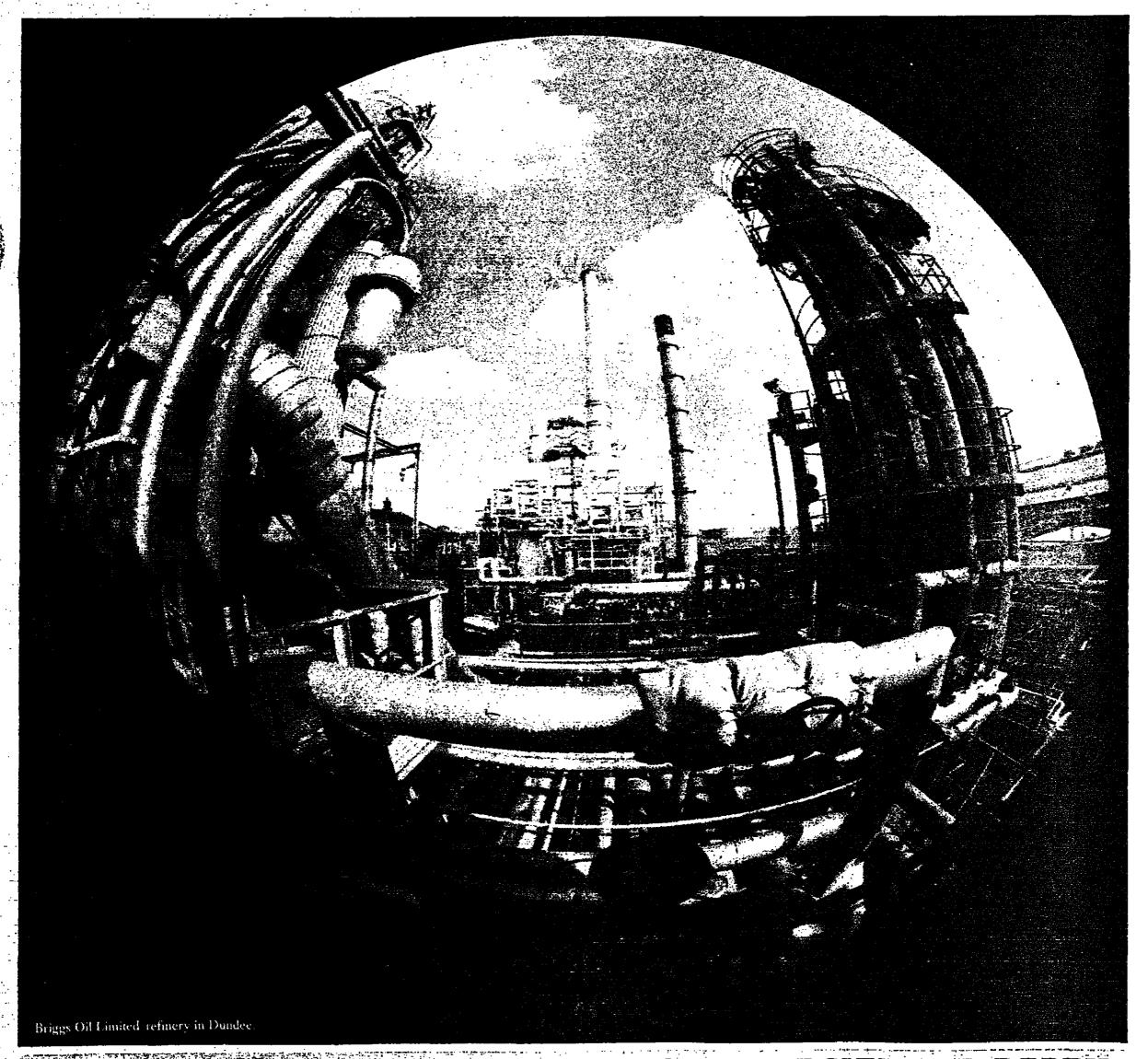
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TAKE A CLOSER LOOK AT TARMAC FOR DIVERSITY AND DEPTH

A tragedy that may change the face of football

By Philip Coggan

ONE OF the greatest tragedies of Hillsborough is that it has all happened before.

Saturday's disaster is only the latest in an all-too-long series of catastrophes at leading soccer grounds. It occurred just as British football was indulging in a brief bout of optimism, thanks to the prospect of a return to European club competitions following the ban imposed after the Hey-sel stadium tragedy in 1985.

Many people must be asking whether any game can be worth such continued heartbreak. The behaviour of British fans abroad has done untold damage to the country's image while some of the plans to eliminate soccer's problems have raised concern about the erosion of such civil liberties as the right to move freely without evidence of identity and the right to travel freely

Football has reacted with shock to Saturday's events. Even though Liverpool is on the brink of winning two of British soccer's most presti-gious trophies, the Liverpool oard recommended yesterday that the club's fixtures should be suspended for the time being. The Cup Final may yet be abandoned.

But soccer has been through periods of grief and self-doubt before. Too often, the lessons of disasters are quickly forgotten and the same mistakes

repeated.
Why does football continue to attract disasters? Of all the team games played throughout the world, it is probably the sport with the most universal appeal. Its rules are simple, its equipment rudimentary. It can be played on the beaches of Brazil and the steppes of the

By Ian Hamilton Fazey

THE ROOTS of the

Hillsborough tragedy seem to lie in a combination of ticket

allocation by the Football Association, the severe traffic

congestion many Liverpool

fans faced as they travelled to

the game and questionable pol-icing in the hour before kick-

Those are some of the key

issues to emerge from the often harrowing accounts of fans

who told their stories live on

air to phone in programmes on Radio City and Radio Mersey-side, Liverpool's commercial

and BBC stations, during Sat-

urday night and Sunday morn-

One fan revealed that the

concertina gates to the ground at the Leppings Lane end were

opened twice. They were

opened first at 2.40 pm to let

through two policemen. The crush outside was by then already so great that hundreds of fans spilled through under

the pressure of numbers before

the gates could be shut again.

police and ground officials could not have known how

many people were on the ter-

race when they let in more

angry about being blamed for

arriving late at the ground.

Many who went by car left

Merseyside at between 10 and

10.30 am, allowing more than

four hours for a journey which normally takes between 2 and

The main recommended

route was via the M63 to Stock-

port, in the southern part of Greater Manchester, and then via the A57 and A628 over the

Liverpool matchgoers were

people later.

21/2 hours.

The fan said this meant that

POSSIBLE TARGETS for compensation claims from Saturday's disaster could include Sheffield Wednesday Football Club, owner of the Hillsborough ground, and the city's council, according to Mr Blaise Smith, one of the solicitors who acted for claimants after the 1985 Bradford soccer fire. Both had obligations under the Safety at Sports Grounds Act 1975, he said.

Relatives of single people over 18 would be entitled only to funeral expenses in any compensation claim. Parents of children under 18 killed could get a maximum payment of £3,500. Mr Smith said:

"This will highlight what is seen by many as the woeful inadequacy of compensation fatal cases. In the case of someone dying without dependents, such as single young men who are away supporters of Liverpool, there can be no award."

Dependents of those killed and support-

ers who suffered injuries would be able to claim compensation through the courts. Individual ticket holders could have a contract with the Football Association if it was established that the FA was responsible for ticket allocations and that this was a contributory factor in the tragedy.

The police authority could also be liable

for acts or omissions, if any, in regard to stewarding on the day.

Mr Smith said that a trust fond was essential because it could be many months before settlements were agreed. He welcomed the announcem public inquiry into the tragedy and said that it would be premature to pursue court claims until the inquiry had been

More than 200 claims were settled after the Bradford stadium fire, which killed 53 people, when a test case established liability against the football club and the local authority.

each other through the wire Few clubs like to case their fans in this way but some police and local authorities

> grounds to be used.
>
> Mr Denis Howell, a former Labour Minister of Sport, called yesterday for the perim-eter fences to be scrapped in favour of a "dry moat" barrier, as is used at many continental European clubs. However, moats can be scaled by determined fans and one wonders if the first pitch invasion would call for fences to be reintrod-

> have insisted on fences as a condition for allowing their

It seems clear that the fences at Hillsborough were not constructed in such a way that fans could easily escape if a crisis arose. So if fences do stay, they would either have to be instantly collapsible or have

lead to the kind of long queues

outside grounds that prompted Saturday's tragedy. Even if the membership

scheme had been operating smoothly, it is hard to see how it would have helped stop fans without tickets congregating outside the ground. It appears that it has been the practice of the police to open the gates and let crowds in if there is a crush outside the ground, regardless of whether fans had tickets. Ticketless fans knew that and so congregated in the hope of being admitted. The membership scheme would also have done little to

solve the problem of late arriv-als at the ground. In part, this occurs because of transport difficulties — delayed trains and traffic jams — and in part because the ban on alcohol inside grounds encourages fans to "tank up" at the nearest pub until the last minute.

However, it could be argued that football's authorities have only had themselves to blame for the imposition of the membership scheme. They have been painfully slow in getting their house in order - hooliganism has been a problem since the mid-1960s. The Gov-ernment eventually lost

Part of the problem is that the League's structure is anti-quated. Only 10 or 12 clubs attract sufficient crowds to be self-supporting but virtually all the 92 clubs in the League operate with fully professional players. That compares with ust 28 American football clubs in the US's NFL.

Although the voting system favours the larger clubs, there is still enough voting power with the smaller clubs to have the funds to create a game with decent, 1980s-style facilities have frequently (2)-

Money does slosh about the system but little of it is in the form of profits. Ever since the maximum wage was abolished in the 1960s, players' salaries have raced ahead, as have the transfer fees needed to entice them from club to club. Any effort to reduce salaries or transfer fees would merely lead to players being posched away by the top continental clubs which have plenty of money to

Clubs already need the help of the Football Trust and the Football Grounds Improvement Trust, two bodies funded by the pools companies, to carry out safety and amenity improvements. They have recently spent fortunes on making grounds safer after the Bradford fire disaster – now they face the cost of implementing the identity card scheme and whatever improvements result from post-Hillsborough inquiries. Since 1975 £50m-£70m has been spent on ground improvements.

Smaller clubs, which are already flirting with bankruptey every day, may now be pushed over the edge. On top of all that, the Hillsborough disaster may stall English hopes of being read-mitted to lucrative European

Football has survived many disesters already but it seems hard to believe that it can survive in its present form. All-seater stadiums and fewer allprofessional clubs may be part of the answer – but it is defi-nitely time for the spectator to be treated as a paying cus-tomer and not a dangerous nui-

Liverpool united in grief for the dead

By lan Hamilton Farey Northern Correspondent in Liverpool

By tradition. Great George, the largest bell in the tower of Liverpool's Anglican Cathe-dral, was tolled only to mark the death of the sovereign. Four years ago, it sounded for the Javenius dead in the Heysel Stadium, Brussels, Yea-tenday at 1000 its montroful terday at 2pm its mournful boom rang out again. No one peeded to ask for whom.

Merseyside was united in grief for the 94 Liverpool fant crushed to death at Hillsborough stadium, Sheffield, and a remarkable mass pilgrimage of people was already well under way. From first light at Anfield.

Liverpool FC's football stadium. Ians had been tying scarves and favours with notes of condolence pinned to them to the Shankly gates. They commemorate Bill Shankly. the abrasive Scotsman who conched Liverpool to become one of the world's most accom-plished football tames. Above them arches the inscription "You'll Never Walk Alone," the Rodgers and Hammerstein song adopted by the fans as Liverpool's anthem.

No one walked alone in Liverpool yesterday. The gates were flung open during the morning for anyone wanting to pay their respects. They came in thousands, crossing the Anfield turf to turn the goal at the famous Kop end of

goal at the famous Kop end of the ground into a shrine. Supportus of the rival Mor-seyale club, Everton, in their club colours of royal blue, were among those leaving starves, wreathes and tributes. Antield stayed open until 4pm and the pilgrimage of the thousands then switched to the Roman Catholic Cathedral of Christ the King helf a mile

of Christ the King, half a mile from its Angilean counterpart along Hope Street A requies mass and inter-denominational service was denominational service was led by Magr Derek Worlock, Archbishop of Liverpool, supported by Mr John Newton, moderator of the Free Church, and the Bt Rev David Sheppard, Bishop of Liverpool, who liew to Liverpool from a holiday in the Outer Hebrides.

The last thing anyone semed to care about was footsemmed to care about was not-ball — and this in a city where Everton had just reached the FA Cup Final and where Liver-pool had for the last six weeks been stunningly brilliant as they drove late for a league

and cup double. Except for worried relatives who crowded the concourse at Lime Street Station waiting anxiously for relatives to return on secon special excur-sion trains, most of Merseyside spent Saturday night and Sun-day morning Indoors. All over the communition of 1.5m people

streets were quiet or empty. There was good reason to stay in. Both the Radio City commercial local radio station and BBC Radio Merseyside replaced their normal programmes with continuous live news and phone-ins. Their switchboards were soon

Those who got through included scores of survivors and eyewitnesses. They went live on air with harrowing accounts of the Hillsborough carnage. Many were choking with emotion and some broke down as they described the deaths of fellow fans. As with all eyewitness testimony of tragedy there was a raw and wounding nature to their

A blurring between grief and anger was, however, emerging as yesterday wore on. Magr Worlock said: "At the moment there are all kinds of emotions in people, some of it questioning, some of it sheer, plain sorrow. We must help them to express themselves in praying for help and helping one another?

There was immediate help of a practical sort. The Red Cross organised cars to take rela-tives of the dead and injured to Sheffield, where many peo-ple offered beds for the night for anyone from Liverpool. Mr Keva Coombes, leader of Liverpool City Council, went to Sheffield with a team of

He said: "I was at the place where people were identifying the dead. There were people angry at what had gone on and taking out their anger in all sorts of ways. Our social workers from Liverpool linked with volunteer colleagues

The cities of Liverpool, Sheffield and Nottingham started a fund for the bereaved and injured. Liverpool Football Club contributed \$100,000

thing on the club's mind as its board of directors asked for postponement of its match on Wednesday against West Ham. Everton are also asking for a postponement of tomorrow's match against Derby County.

that sports such as cricket and rugby union are not. Although soccer crowds have declined substantially since the Second World War, close to 18m people attended Football League matches last season. However, given the condi-

an integral part of British working class culture, in a way

tions at most football grounds, it seems amazing that 18,000 spectators, let alone 18m, have chosen to attend games. Sup-porters are herded like cattle to stand on concrete terraces, sometimes open to the elements, with limited facilities in the way of toilets or refreshments. Little or no entertainment is provided beyond the 90 minutes of action on the field

It is hard to imagine crowds in the US putting up with such treatment. American football spectators are provided with cheerleaders, marching bands and most importantly, seats. Perhaps if British football had attracted a more middle class spectator profile, supporters would have been quicker to

organise and complain about

Although Sheffield police

were well-organised to smooth

traffic flow at their end of the

journey, fans said there was no police help at any of the earlier bottlenecks. That resulted in

an anxious crawl for thousands

When they got to the

round, there was no marshal-

ling of the fans ahead of the four turnstiles through which

Mr Peter Garrett, member-ship secretary of the Football Supporters Association, was

highly critical of this failure. Mr Garrett, himself a police-

man, said the policy at Anfield

crowds at every Liverpool

home match - was to have a

barrier in the shape of the

outer perimeter gates, about 50

People had to show tickets here but could be waved

through quickly. Mounted

police were also in charge at the turnstiles, to organise fans into queues so that they could

He said there was no initial

barrier at the perimeter gates

at Hillsborough, and the

mounted police were outside it anyway. Each turnstile was

therefore besieged by hundreds

of fans, who were jammed ever

tighter as more came through

Police eventually decided

that the danger of crushing

was so great here that they opened the concertina exit

ates to relieve the pressure.

Some fans recounted being

swept through with their feet

off the ground, while some

smaller, younger ones said that they were carried forward

yards from the turnstiles.

pass through quickly.

the perimeter.

which experiences big

they then had to pass.

That simplicity may have inadequate facilities. resulted in football's becoming All-seater stadium:

All-seater stadiums are one potential solution to the prob-lem of crowd safety. Seating should prevent the problem of overcrowding - and practice also tends to suggest that people sitting down are less likely

The problem is that a sense of tradition makes many peo-ple want to preserve the stand-ing terraces. Coventry City's Highfield Poad stadium was converted to seating in the rly 1980s but after campaigns by the local newspaper and supporters, part of the stadium was switched back to terrac-

Tottenham's Hotspur's plans to convert terracing into seating and executive boxes were opposed by a significant group of fans. Some groups of fans, when forced into seating accommodation, have stood on their seats blocking the view of those behind them. So it seems that public attitudes need changing if all-seater stadiums

Mr Jimmy Hill, the TV com-mentator who supported Coventry's move to seats, said yes-terday that although all-seater

community medicine at Liver-pool University, said he could see the dangers building 15

minutes before kick-off. He

knocked on the window of a

police Land Rover to tell some-

one, but no one took action. He

said that fans in general were treated as potential hooligans by an unfriendly police force

matches now and were not

calls for doctors to come for-- he found that people

were being loaded into ambu-

lances at random, instead of

priority being given to those

who might be saved by emer-

He found that the only effec-

tive action he could take was

to assess the casualties to get the right priority for the ambu-

lances. He also certified many

people dead.
The row over tickets has

raged on Merseyside for sev-

eral weeks. Liverpool's average gate is about 38,000 - twice

the size of Nottingham For-

Mr Peter Robinson, Liver-

pool's chief executive, said he had asked the FA not to stage

the tie at Hillsborough,

because of dissatisfaction last

year when the teams met there

at the same stage of the compe-

come back confirming Hillsbor-

ough, where the police wanted

Liverpool fans in the smaller end of the ground because it was nearer the A628 approach

Liverpool were issued with 4,000 fewer tickets than their

opponents, and many fans travelled in the hope of being

able to buy them from touts.

tion.
Within an hour the FA had

gency treatment.

Later - when he answered

therefore taken seriously.

Fans say policing was inadequate

stadiums would cost money, it was an investment which could be recouped if more spectators were drawn to grounds by the better facilities. Mr Graham Kelly, secretary of the Football Association, seemed to accept the point yes-terday, saying that "the sooner

will be for the future of the However, football faces more than just the problem of safety. Hooliganism has bedevilled the sport for 20 years and is behind the introduction of the Govern-

ment's membership card

our major grounds are predom-

inantly seated, the better that

As was shown tragically on Saturday, the requirements of crowd safety and of preventing hooliganism can come into sharp conflict. The perimeter fencing, designed to prevent unruly supporters from invad-ing the pitch, became a death trap for those closest to it. Such fences are not univer-sal at grounds. Many people

feel they add to the confronta-

tional atmosphere between

supporters by treating the rival

mals, hurling ritual abuse at

LEPPINGS LANE

Police open gate to

relieve pressure

Standing

Sole date onto

until crowd

too great

pitch, not opened

pressure already

Control

barriers

Stadium

capacity

SOUTH STAND

Over 4000 fans trying to enter turnstiles

4444444

plenty of gates. As the lessons of Hilisbor-ough are absorbed, the future of the Government's identity scheme will undoubtedly be reconsidered. One of the main planks of the argument against the scheme was that it would

Turnstile

Police

Only means of escape la

to climb over tence or be

haufed up to seated area

Crowd movements

WEST STAND

9,100 standing places

SPION KOP

Тептасе steps

Control

ensure that radical change is Super League, which might

Ground seen as one of English football's showpiece settings

The home of Sheffield Wednesday, the fifth oldest club in the Football League, it has been in use since 1899. It was chosen as one of the grounds for World Cup matches when lootball's pre-mier competition was held in England in 1966. Sheffield Wednesday have a

won the League four times and the FA Cup three times. But the last time they came close to either trophy was in 1966, when they lost to Everton in the FA Cup Final. Since then, a packed crowd at Hillsborough bas been a

rare sight. Last season, Wednesday's average home League gate was just under 20,000, compared with an offi-cial ground capacity of 54,000. In recent years the ground has only been filled for occasions such as FA Cup semi-finals, when teams other than Wednesday have occupied the

FA Cup semi-finals are staged at neutral grounds to avoid giving one team home advantage at such an impor-tant stage of the competition. Some people now believe Wembley, the national stadium which houses 82,000 spectators, should be used for semi-finals as well as finals.

It might instead be possible to spread the semi-finals over two legs, giving each club a home advantage, as in the Littlewoods Cup, soccer's other

on safety measures by the

Mr Martin Flannery, Labour

MP for Hillshoppegh, said 21m had been spent on ground improvements over the rest 10 years. The capacity was increased slightly in the 1980s by an expansion of the Kop larger than the Leppings Lane terraces, housed Nottingham Forest supporters on Saturday,

appears to have been based on the directions from which the two sets of fans approached. Had Liverpool been allocated the larger end, it was feared there may have been clashes outside as opposing fans crossed over on their way to their turnstiles.

The consequence was that Liverpool received only 24,000 tickets — 4,000 fewer than For-est. This arrangement was much criticised on Saturday, and yet the same allocations were used for last year's semifinal, between the same clubs. The 10-feet high steel fence which prevented fans from

The club secretary at the time, Mr Eric England, said: People running on the pitch have brought this on them-

Pennines, to emerge at the Dr John Ashton, lecturer in

By Paul Abrahams

duced under the Football Spectators Bill now passing through Parliament, could produce more delays at turnstiles and recreate the conditions at Hillsborough, it was argued

which is hidding for the con-tract to supply equipment for the scheme – believes, how-ever, that electronic identity cards could help to prevent the type of delays that caused Sat-

"Using electronic cards, it should be possible to avoid

those delays."
GEC's identity card contains a microprocessor, which can be charged with pre-paid units like a telephone card and can be used instead of a separate

"The process of electronically checking both the iden-tity of the card-holder and the validity of the ticket takes less than a tenth of a second," Mr Kirkman said. That compares with an average of eight seconds required to pay for

Electronic identity cards would also make entry impos-sible without a valid card, which is difficult to forge. That would deter people from arriving at a game without a ticket,

the computer system to monitor the number of people entering each section of the ground and take action if one was nearing capacity.

solve all problems. No system could help if somebody opens an unprotected gate," Mr Kirk-man said. "But they can reduce the dangers associated with the entry of large numbers of people in a short space of By Hugo Dixon

Hillsborough football disaster promised yesterday by the Government will be the latest in a string which have grap-pled with the twin evils of poor safety and hooliganism at sporting events.

Although public concern over behaviour at sporting events - particularly football matches - has heightened in recent years, the first govern-ment inquiry was launched as early as June, 1923. This fol-lowed disorder at Wembley on

made recommendations to improve policing and fire pro-tection at such mass events. However, it concluded that sport could be left to regulate itself and no legislation was

to prevent overcrowding.

Mr Moelwyn Hughes said legislation would be needed, describing as "anaemic" the Shortt Report's assertion that self-regulation was sufficient. Nevertheless, it took another ster and 66 deaths before the Government was convinced that legislation was needed. The disaster, on this occasion, took place at Ibrox Park, the home ground of the then Glasgow Rangers, in January, 1971, when victims were crushed on a staircase after a surge by the

The ensuing report by Lord Wheatley formed the basis of the Safety of Sports Grounds Act 1975, which set up for the

first time a legislative framework for sports safety. Under this act, a licensing system was introduced for sports sta-dia with the capacity to hold crowds of more than 10,000. Safety precautions were set out in the "Green Code," which was administered by the Home Office and reviewed from time to time. However, only Divi-sions One and Two of the Football League, the Premier League in Scotland and certain international and Rugby League stadiums were covered by the licensing system.

The act landed football clubs with bills running into hundreds of thousands of pounds

NORTH STAND

to upgrade facilities at their grounds. Since the Government was not prepared to pay for these-improvements out of taxpayers' money, funds were provided by the Football Grounds Improvement Trust.
This was a private charity, set up in 1975 by Britain's three major football pools companies - Littlewoods, Vernons and Zetters - which channelled to the football clubs a significant proportion of the

roceeds from their Spot-the-

Ball competition. Since 1975, the trust has given about £40m to football clubs and further

£20m to £30m has been spent

Such measures were not, however, sufficient to prevent the disasters of May 1985, when 95 people died in three separa events. On May 11, 56 died when the wooden stands at Bradford City football ground caught fire; the same day a boy was killed in rioting between Birmingham City and Leeds United fans and, on May 29, a further 39 were killed at the European Cup Final at the Heysel Stadium in Brussels as result of a wall collapsing after a charge by English supporters These three incidents led to

an inquiry by Mr Justice Popplewell, who recommended varius measures to tighten safety precautions at sports grounds and to cope with hooliganism. His proposals con-sisted mainly of widening the scope of the existing regula-tions - so that all sports grounds with a capacity to take more than 500 spectators were effectively monitored and of strengthening the Green

Following the Hillsborough disaster, however, questions are being asked about whether the Government and the sporting authorities learnt the lessons of the previous disasters and to what extent the latest was avoidable. There were, for example,

suggestions yesterday that, if the Green Code had been implemented rigorously, the crush at Hillsborough would not have taken place. In addition, Mr. Richard Faulkner, deputy chalman of the Football Trust, a sister organisation of the Football Grounds Improvement Trust, said there was prime facie evi-dence that at least three of dence that at least three of Popplewell's recommendations had not been implemented at fillsborough. These were that adequate first-aid rooms should be provided; that no cars should be parked within a quarter of a mile of sports arounds to reduce commentation. grounds to reduce congestion immediately outside them and that grounds should have efficient perimeter fences with This last recommendation

was the subject of heart-searching in the Popplewell Report it argued that it would "splendid if perimeter fencing and segregation barriers could be removed" on grounds of safety. However, it also recognised that they were needed in many cases to combat hooligamism.

By Philip Coggs main knockout competition. Hillshorough has staged 30 sumi-finals, partly because of its large capacity and partly because of its reputation as a safe ground. HILLSBOROUGH is regarded as one of the country's show-plece football grounds.

safe ground.

larger regular following.
The allocation of ends

escaping the crush on the terraces by spilling on to the pitch was put up at a cost of about \$6,000 in April 1977.

experienced social workers and counsellors in grief.

from Sheffield."

immediately and promised to add the club's share of yesterday's gate. Football became the last

Identity cards 'could save turnstile delays'

THE Hillsborough disaster has prompted calls to abandon plans for identity cards for matchgoers. The scheme, to be intro-

yesterday. General Electric Company —

"The major delay at turnstiles is caused either by the process of handing over money and receiving change, or by tearing off ticket stubs," Mr Tony Kirkman, deputy manag-ing director of GEC Avery,

ticket. Checking machinery at the turnstiles can read the card if it is passed within 2 cm there is no need to pass it through any slots.

Mr Kirkman argued. In addition, police could use

"Electronic systems cannot

Catalogue of inquiries goes back 65 years

road to the city.

THE INQUIRY into the

One of the most tricky issues it will have to deal with is the suggestion that some of the measures introduced in the past to cope with growing hooliganism may actually have made it more difficult to secure the safety of spectators in the face of surging non-violent

the occasion of the first FA Cup Final.

The so-called Shortt Report

A tougher line began to emerge only after the disaster at Bolton Wanderers' football

ground in March, 1946. About 85,000 people turned up to a match at which only 50,000 had been expected. In the ensuing crush, two barriers collapsed and 33 people were killed. Mr R. Moelwyn Hughes, KC,

who conducted an inquiry into the tragedy, argued that many football grounds had grown up from humble beginnings and did not have the necessary safety features to cope with mass events. He made a string of recommendations - includ-ing regular inspections of enclosures and counting of spectators attending a match

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'New era of

predicted

By David Thomas.

for schools

Education Correspondent

SCHOOLS are set to become

part of the market economy to

a greater extent than ever

before, the general secretary of the main head teachers'

Mr David Hart was speaking at a conference on educational

values in a market economy, held in Durham by the 29,000-

strong National Association of

Head Teachers.
The creation of City Tech-

nology Colleges and opted-out schools, together with other

aspects of the Government's

educational reforms, would open up a new era of competi-

"Heads will have to manage their schools in the post-

Education Reform Act era

with one eye very firmly on the needs, aspirations and demands of their customers," Mr Hart said. He defined cus-

This meant that head teach-

Mr Hart warned that schools

which failed to compete could

However, he also went unusually far for a teachers' representative in urging the

teaching profession to respond positively to the reforms. The profession faced the

opportunity of convincing the public and the Government of the need for adequate training

and resources to implement

the reforms. Head teachers could also use

the responsibilities being

thrust on them to push for sal-

aries comparable with those of

ers and other senior school staff would have to acquire new management skills to deal with marketing, personnel and

tomers as parents.

financial matters.

go to the wall.

association said yesterday.

Institute may bring access to Japanese research data

By James Buxton, Scottish Correspondent

expected to get access to Japanese high technology research through the Institute for Japanese-European Technology Studies (Jets) being set up

in Edinburgh.
The institute, believed to be the first of its kind in Europe, will exchange British and Japanese technology data and send British scientists to work in Japanese companies.

The creation of the institute is considered an important breakthrough in Anglo-Japanese collaboration. Funded by Japanese companies as well as by British concerns, it is backed by Miti, the Japa-nese international trade and industry ministry, and by Britain's Department of Trade and Industry. The functions of Jets, which

will be part of Edinburgh Uni-

Linking research carried out at Edinburgh University

BRITISH scientists are with that being done in Japan, especially in the fields of artificial intelligence, artificial speech technology and software technology on which Edinburgh concentrates.

Teaching Japanese lan-

guage and management prac-tices to British scientists and engineers who will then be placed in Japanese companies for periods of a year or two. Making comparative studies of developments in science and technology in Japan and Europe. Subjects would include microprocessor technology in which Europe lags behind Japan and public digital switch technology in which Japan is less strong than Europe.

Dr Martin Fransman, Jets' director, said that the creation of the institute was a sign of the improvement in Anglo-Japanese relations that fol-lowed the settling of disputes between the two countries such as those over the participation of Cable & Wireless in Japanese telecommunications

and over whisky taxes. He denied that Jets could mean opening up British dis-coveries to Japanese exploitation. "The Japanese are opening up their technology to foreign researchers. We have to make sure that we learn

from them, but they will expect a quid pro quo," he said. "Naturally research in applied fields is commercially secret. But universities are interested in more basic

He said that Fujitsu, the computer manufacturer, and NEC, the microprocessor maker, were among Japanese companies that had agreed to become founding sponsors of Jets. British companies were now being approached. Jets would have six full-time senior researchers and would offer graduate courses in Japanese studies from this autumn.

Monsanto backs Oxford unit

By David Fishlock, Science Editor

G.D. SEARLE, the Monsanto subsidiary specialising in pharmaceuticals, is providing £2.9m towards the cost of building Oxford University's Glycobiology Institute, part of its biochemistry department.

Monsanto has helped fund glycobiology research at Oxford since 1983, providing about £500,000 a year, and will be seconding its own staff to the new institute next year. The institute, to be directed by Professor Raymond Dwek, will initially employ 60 scientists, of whom 10 are to be seconded from Monsanto's research centre in St Louis. Glycobiology is a branch of

bioscience specialising in sugar chemistry and the involvement of body sugars in biological processes. It is expected to create opportunities in biotechnology for drugs and veterinary

At Oxford, Prof Dwek has

Authorised

£3,675,000

£3,825,000

£7.500.000

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focused on unique defects in sugars on glycoproteins that may be associated with several ases, such as rheumatoid arthritis, tuberculosis, cancer and Aids. He has, for example, developed a blood sugar test which can identify arthritis in

children. This year, Monsanto's contribution to his research programme is to exceed £1.1m, rising to £1.7m in 1993, the company says. Oxford University is also to provide the Gly-cobiology Institute with £800,000.

Dr Sheldon Gilgore, chairman and chief executive officer of Searle, said he was delighted with the progress of Prof Dwek's work: "Oxford leads the world in this research."

Dr Gilgore said the glycobiology institute would be Searle's new research base in Britain: when Searle merged with Monsanto in the mid-1980s, its Brit-

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ish research centre at High Wycombe, specialising in bio-technology, was closed because its programme overlapped with Monsanto research.

Since the merger, all Monsanto life science research has been transferred to Searle, to help build an R and D team of about 1,300 in Chicago, and Searle has more than doubled its spending on pharmaceutical research and development, to more than \$200m (£118m) a

Searle has a similar academic association with Washington University, St Louis, in which it helps fund more than 20 research programmes, although none as big as the Oxford programme.

Dr Gilgore said glycobiology straddled all four areas of drug therapy – cardio-vascular, gastro-intestinal, central ner-vous system and immunology of key interest to Searle.

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CBI/FT DISTRIBUTIVE TRADES SURVEY Retailers expect more sales growth competition'

By Raigh Atkins, Economics Staff

SIGNS that growth in retail sales remains robust and slowing only gently come in the Confederation of British Industry:Financial Times distributive trades survey published

Sluggish growth in sales in February rebounded in March and retailers are confident about steady growth in April, the survey shows. However, motor traders in March said sales were lower than a year earlier - the first fall since November 1985.

The latest results follow three consecutive monthly surveys in which retail sales growth has been shown as easing. They suggest that the impact of the steep rise in interest rates since last summer is taking time to bite although it could have affected spending on durable goods

such as cars. The survey shows that in March, 56 per cent of the 298 retailers responding said sales volumes were higher than the corresponding month a year before, while 21 per cent said they were lower.

The balance reporting increases minus those noting falls was +35 per cent. That was up from +24 per cent and +12 per cent in January and February respectively. However, it was below rates of growth reported during the summer when the balance approached +60 per cent.

For April, the balance of those expecting increases minus those forecasting falls was +36 per cent. That com-pared with a balance of +29 per cent expecting increa blarch and was the most optimistic since December.

The sector reporting the best sales increases in March was grocery stores. Off-licences and shops selling durable household goods reported lower sales

the retailers increased orders placed on suppliers in March the survey shows. That followed no growth in February. Retailers expect growth in orders to continue in April. Retailers said stocks were built up in March, against

and the second of the second s

expectations, but are expected to be run down a little in April. Out of the 54 motor traders covered in the survey, 24 per cent said sales in March were higher than the corresponding month a year before and 57 per cent said they were lower. That gave a balance of -13 per cent compared with +6 per cent in February. For April, a belance of +4

per cent expect to increase During March, motor traders placed a lower volume of orders on suppliers than in the corresponding period a year before. Stocks also rose steeply with a balance of +30 per cent saying they were too high in relation to expected sales.

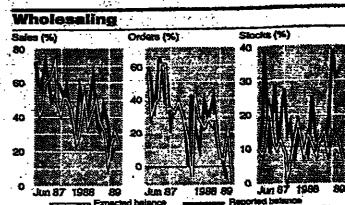
Among the 164 wholesalers replying a balance of +22 per cent said sales volumes were higher in March than the corresponding month last year. That was up from a balance of

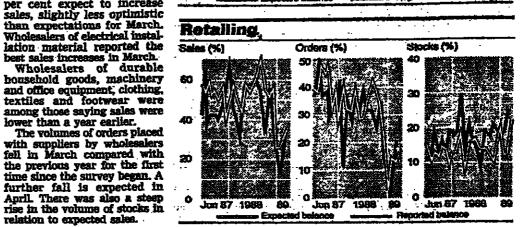
+15 per cent in February. For April, a balance of +24 per cent expect to increase sales, slightly less optimistic than expectations for March. Wholesalers of electrical installation material reported the best sales increases in March Wholesalers of durable household goods, machinery

and office equipment, clothing, textiles and footwear were among those saying sales were lower than a year earlier. The volumes of orders placed with suppliers by who fell in March compared with the previous year for the first time since the survey began. A further fall is expected in

Total Distribution Stocks (%)

Jun 87 1988 89





executives in industry and than a year earlier. A balance of +21 per cent of commerce, Mr Hart argued. Code would include

ban on estate agents

By Paul Cheeseright

ESTATE agents who mislead the public and fail to disclose any personal interest in a property they are selling could be banned from trading under a new code which the industry

has drawn up.

Mr Eric Forth, the minister in charge of consumer affairs at the Department of Trade and Industry, will soon decide whether this code should be given statutory backing through an amendment to the Estate Agents Act 1979. The Government accepts the

need for such a code to be enforced. But it may feel there is already sufficient power with the Office of Fair Trading (OFT) which can prohibit from trading those deemed unfit for estate agency work. Between 1982 and 1988 there were 83 prohibition orders. Almost certainly, however,

there will be an industry ombudsman who will deal with the initial complaints of the public before passing on information about serious transgressions to the OFT. The code, suggested by the OFT itself last December,

drawn up by the National Association of Estate Agents and now in Mr Forth's hands, deals with the honesty and competence of estate agents. It covers such matters as mis-

leading information on prop-erty, the level and disclosure of arges and commission rates, and hidding up prices. But it would not outlaw gazumping.

For the Law Society, repre-senting solicitors, the scope of such a code is too narrow. This weekend it repeated its charge that the code will not protect housebuyers unless it deals flict faced by estate agents in selling financial services as well as property.

In recent years insurance companies, building societies and banks have all bought chains of estate agents to increase their selling capacity.
"Our member firms are

appalled by what is going on in the house transfer market." the Law Society said. "They see clients who are cash buyers or have arranged their own mortgages being turned down in favour of buyers who will take out an endowment mortgage on which the estate agent can earn extra hidden profit."

Earlier this month, the Consumers Association published in Which? magazine a survey of 3,000 people, 86 per cent of whom said that estate agents' fees should be lower and 50 per cent of whom said agents were not good value for money.

National Savings funds down

By Paul Cheeseright

INVESTORS have continued to withdraw funds from National Savings, the state-owned organisation traditionally used by the Government to borrow money from small savers.

in March withdrawals were £257.8m more than deposits, according to the latest figures. cit was the high level of re-payments on matured fixedinterest savings certificates, National Savings said.

Only £63.6m was invested but capital and accrued interest repayments came to

This deficit was partially offset by a net increase in the amount of funds invested in National Savings new Capital Bond and in index-linked, income and premium bonds.

The latest monthly figures accentuate a trend set off by the Government's move into

budget surplus. Because the Government no longer needs a net borrowing programme, National Savings has been encouraging customers to withdraw from fixed-rate savings certificates by keeping interest rate payments below those available from other

forms of savings.

In the 1988-89 financial year, the net contribution of National Savings to Government funding was £612.3m compared with £2.28bn in

The emphasis in National Savings policy now is to encourage an inflow of funds which will remain on deposit for several years. The Capital Bond, intro-

duced in January and the latest of National Savings' finanest di National Savings inten-cial products, provides the maximum benefit to savers only after five years.

During March, £50.9m was invested in the Capital Bond, bringing the total amount

invested to £202.9m. By the end of the month there was a total investment in

all National Savings products of £36.9bn, compared with £36.3bn at the end of March 1988.

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Jane E. Lawson

Declaring commissions 'is no threat to advisers'

By Eric Short

FEARS that many independent financial advisers will become tied agents if they have to declare commission from each sale are groundless, the Con-sumers' Association claims. Tied agents are representatives of just one life company.

A survey by the association of 209 independent advisers found that only 4 per cent would definitely change to tied status it commission had to be disclosed at the time of the commission of the disclosed at the time of the commission and the commission had to be also in earlt eaff. to fu

A further 9 per cent thought they were fairly certain to become tied if this happened. Ms Jane Vass, the association's financial services expert, said the results supported the association's case for full dis-closure and its opposition to the proposals being put for-

ward by the Securities and

The board's proposals envis-age investors being informed by the life company or unit trust group of the commission paid to an independent adviser within 14 days of a sale. If the board's final disclosure

investments Board (SIB).

proposals, due next month, confirm this approach, SIB will have accepted the life assurance industry's contention that disclosure at the point of sale ut in s dr tion in the number of independent advisers - a contention that the association has continually opposed.

The survey showed the main reasons for independent advis-ers switching to being tied agents were the regulatory costs involved in remaining independent.

Young males are 'street hazards'

BRITISH youngsters' craze for skateboards and personal ste-reos, and their aversion to wearing reflective or fluorescent clothing, puts them at risk when crossing the road, a Gallup poli reveals today. One of the main hazards

they face are Careless and Highly Undisciplined Male Pedestrians (Chumps). These are 13-24 year-old males who are guilty of "irresponsible and reckless behavlour", including

As pedestrians, they ignore signals and jaywalk, often while drunk or listening to personal stereos; as drivers, they

are equally inconsiderate. General Accident, the insurance group, commissioned the poll to discover the pedestrians' greatest fears. Being mug-ged, having a child knocked down by a car and being in a car accident were the top

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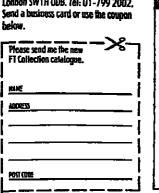
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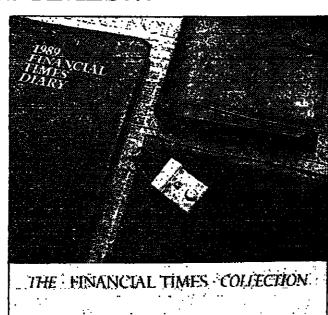
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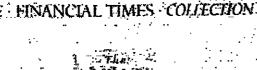
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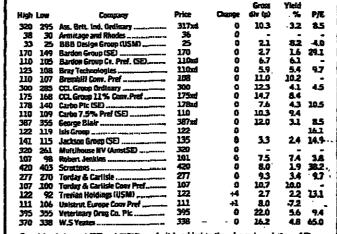




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FINANCIAL TIMES



The industrial profile of South Wales is changing. Coal and steel are being displaced by a wide

diversity of manufacturing and high-tech companies attracted by a good local workforce, regional aidand efficient communications,

writes **Anthony Moreton**

Confounding the sceptics

TWENTY MILES south of Merthyr Tydfll, alongside the M4 motorway, the Miskin Mapor hotel at Liantrisant earlier this year won the Most Civilised Restaurant of the Year award in a competition sponsored by a sherry concern.
At the entrance to Merthyr, opposite the giant Hoover factory which produces all the US company's washing machines and dishwashers in Europe, work has started on the Welsh Development Agency's latest property venture in the town, a business park.

The park will contain offices and small factory units that should be ready for occupation this time next year. Across the road from both Hoover and the business park is what is claimed to be the longest dryski run in Britain.

The combination of firstclass restaurant, business park and a major tourist venue is far removed from the common perception of South Wales.

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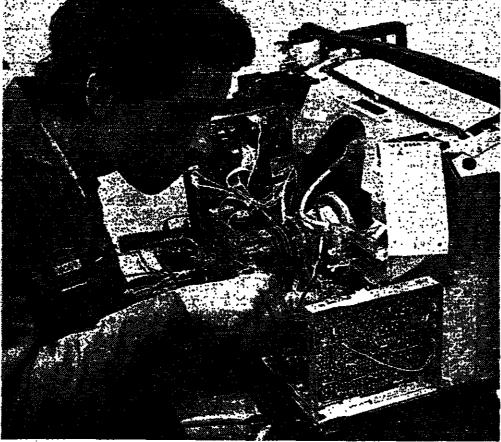
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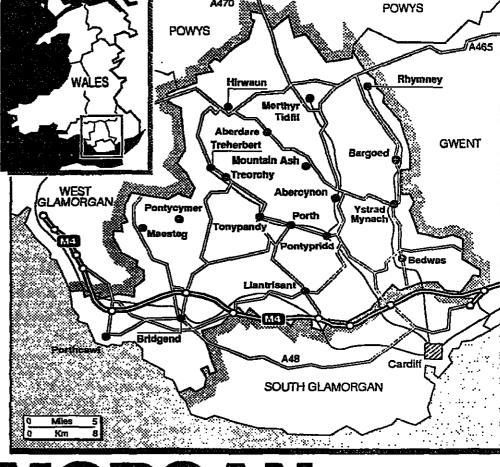
To those whose acquain-tance is confined to armchair reading of Richard Llewelyn's How Green is My Valley, South Wales is probably still a place of dark satanic pits. Hoover, the ski run and the business park in Merthyr Tydfil, the largest town in Mid Glamorsant prove that conceptions are frequently misconceptions. Once, the county was the

home of heavy industry. Coal and steel dominated the landscape as much as the economy; but those days have long since gone. Steel has entirely disappeared with the closure of the Dowlais works and while the county still has six pits (out of a total of only nine in South Weles) Wales) employing 3,500 men the days when coal and steel reigned, when the miners of Merthyr erected an arch built from slabs of coal over the road to welcome the king, are now far off.

In their place has come a wide variety of modern indus-tries. Some of them have been founded and built by local people, disproving the theory that Welshmen make good employ-ees but poor employers. More recently a host of com-

panies have moved in, attracted by the Welsh Devel-opment Agency's (WDA's) modern factories, by regional assistance, by a good labour force or the easy communications with their main markets. One such company is Bluebird Toys, which late last year took a giant factory in Merthyr for the production of a variety of





toys. Bluebird has already begun recruiting labour and when fully commissioned

should be employing more than 600 in the town. The 25m Bluebird is invest-ing in Merthyr is small beer by comparison with the 2750m Ford is putting into its engine plant at Bridgend and its com-ponents factory at Swansea. Or to the expansion Race Elec-tronics is making at Talbot Green and Aberdare which will add more than 1,100 jobs to its payroll. But all are indicative of the way the economy is of the way the economy is changing, moving towards a diversified cross-section of concerns and away from dependence on a small number of heavy industries.

Evidence of the attraction of this part of South Wales comes from Mr. Tony, Williamson

from Mr Tony Williamson, managing director of Hoover, which moved its European headquarters from Perivale in west London to Merthyr last year. "We had to offer some inducements to people to leave London," he says, "but they have already discovered the whole quality of life is so much better here that we would now

have to offer them an inducement to leave if we were ever to move from Merthyr."

Hoover, which employs some 2,250 in Merthyr, is, in fact, hoping to announce new investment at its plant before the end of the year. Nor is it just a matter of quality of living. Mr Bernard Clouter, managing director of British Air-ways' engine overhaul plant, which employs more than 900 people at Nantgarw, says that, commercially, the company is in no way disadvantaged through being outside Cardiff.

"We are operating in an internationally competitive market and we also undertake work for Middle Eastern, Far Eastern and some US airlines. And we hope to win more orders in the US. The quality of the staff we have and what orders in the US. The quanty
of the staff we have, and what
we can recruit locally, means
we are in a very good position
to win further orders."

Mid Glamorgan is Wales'
most industrialised county, yet
it is a curious mix of industry
and agriculture valley and see.

and agriculture, valley and sea-shore, wealth and poverty. It has a narrow coastal strip which includes the once-fash-

ionable Porthcawl that has become something of a dormi-tory town for Cardiff. Behind the coast is rich farming country and industry only starts to become really apparent north

of the M 4 motorway. A band of land around the motorway has become a magnet for new industry. Ford is the most obvious example but Sony, which has become one of the largest employers in the county, is another. Race Electronics is to be found in this area together with high-tech, beauty product and plastics

The valleys, which are con-tiguous with much of the South Wales coalfield, are not easy places in which to site large-scale industry because of the shortage of flat land. However, they contain in AB Electronics at Abercynon one of the most important companies in Britain in advanced electronics as well as companies in such diversified sectors as watches, Christmas decorations and general engineering.
Arrival or expansion by
these companies, which have
had a good growth record over

the past five years, has helped to mitigate the very severe effects of the depression of 1979-84. Mid Glamorgan lost 33,000 jobs in those years, most of them for men, and the rate of decline in employment was greater than that for Wales as a whole and far greater than

the British figure.

A large part of the loss in the county arose from the virtual collapse of electrical engineering, mechanical engineering, metal production and clothing and severe losses in coal which gathered pace after the end in 1985 of the year-long miners' strike. In Merthyr the loss of menufacturing lobs was loss of manufacturing jobs was as much as a third. An inflow of new or expanded industries is therefore not only still needed if the county is to retain its economic base but it also needs to be widely spread. In *Divided Wales: Local Prosperity in the 1980s* two academics from the Cardiff Business

School, Mr Jonathan Morris and Mr Barry Wilkinson, report that the recovery has had far greater effect in the motorway corridor. That recovery begins to become less

noticeable, they comment, the further north one goes.

Despite the inflow, unemployment remains high. Although it has fallen to just

over 9 per cent on a seasonally-adjusted basis, the figure that the ebullient Secretary of State, Mr Peter Walker, likes to quote, a more accurate indica-tion is given by the governures, since these do not include those on temporary schemes or the self-employed. On this basis the Mid Glamorgan fig-ure is 12.9 per cent, with men alone pushing the level to 16.7

High unemployment and a large number of retired people mean that total household income in some parts of the valleys is no more than £4,000 a year, as low a figure as is to be found in Britain. Combined with some poor social condi-tions and a large stock of old housing these statistics have led to the valleys being described as Wales' only inner-city problem area.

Recognition of this eco-social condition led Mr Walker to launch last year a Valleys Pro-

CONTENTS

Rockwool; Triumph

Profiles: Ribbons; Apolfo; Delyn Packaging; Align-Rite;

Property

gramme, in which he sought not just to attract new jobs but also do something about the social deprivation. Progress on implementation the 50-odd proposals in the programme is being monitored very closely Mr Walker saw that if the

area was to prosper it had to be given confidence in itself. It had to be given a secure economic base in which the indus-tries of tomorrow could provide the jobs for men and women who have largely worked in the industries of yesterday. The arrival or the expansion of a long list of companies indicates that confidence in the towns and valleys that comprise Mid Glamorgan is returning strongly.

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Anthony Moreton on Government attempts to tackle unemployment and regenerate the economically depressed valleys

More investment crucial to turn optimism into reality

WHEN MR Peter Walker suggested a year ago that unemployment in the South Wales valleys could be reduced to the level now existing in the rosperous south-east of England his remark was greeted with some incredulity.

Were the valleys not the most depressed part of Wales. some of them containing Wales' inner-city problems? Did not the closure of heavy industry, especially coal but also to some extent steel, mean that the valleys had lost their true economic rationale?

The Secretary of State for Wales, however, meant it. He repeated the claim early this year and looked to the fall in unemployment figures for jus-tification that his policy of regeneration was working. If Mr Walker's optimism is to be turned into economic reality the valleys will need a substan-tial inflow of new investment, most of it from outside. New start-ups and incoming compa-nies are an essential ingredient to rebuilding prosperity. There already exists a solid base for new investment to be built on

There is a marvellous workforce here," says Mr John Fleming, managing director of Ribbons whose plant in Treor-chy in the Rhondda is the larg-est manufacturer of seat belts in Britain. "It is responsive, very co-operative and forward

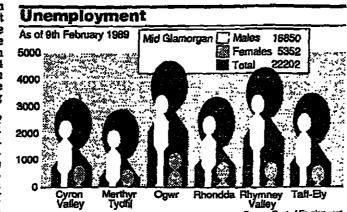
looking."
He is backed by Mr Paul

Merthyr Tydfil, who says not only is the workforce first-rate but "there is virtually nowhere in the county that is more than 20-25 minutes from the M4 motorway so that our position is absolutely no disadvantage when it comes to supplying

But what are the valleys? There is, in fact, no precise definition, though they are com-mouly assumed to be encompassed by the South Wales coalfield, stretching from Pontypool in the east to the Gwendraeth Fawr valley west of Swansea; from the A465 Heads of the Valleys road in the north to the M4 motorway in

Within this area live about 750,000 people. There are probably 20 valleys altogether, though the number varies according to how a particular area is counted. Is the Rhondda one valley or two since it comprises the Rhondda Fawr and the Rhondda Fach, the big Rhondda and the little

Mid Glamorgan, the largest county in Wales, contains the heart of the valleys: reading from east to west the Rhymney, Taff, Cynon, Rhondda, by far the most famous of them, Ogmore, Garw and Llynfi. Because of their geological structures the valleys look south, to the plain of the Vale of Giamorgan. They rarely look east-west, to each other. Most



that new industry in the

valleys had only partially replaced the old economic

base; that in many of them it was physically impossible

(because of the lack of flat land in the steep-sided terrain) to provide new jobs on the scale

necessary; that some outward

migration was inevitable; and

that valley communities were

likely to rely to an increasing extent on work within reason-

Last year, a report from the Institute of Welsh Affairs, an

independent think-tank, on the

valleys commented that this

basic analysis remained sound.

The valleys are at a relative

disadvantage compared with

the coastal plain in attracting

the institute commented, were

primarily economic. Social

problems are related to a lack of jobs and investment. The

future must be based on linking into the relative economic

prosperity of the coastal plain:

the valleys are no longer a sep-arate economic entity."

Stirred by reports which suggested that things might be

even worse than the institute

discovered - one claimed the Cynon valley was among the

most deprived parts of Britain

with average household income under £4,000 - Mr

cing an initiative that would

The problems of the valleys,

development.

able travelling distance.

people in Aberdare, in the Cynon valley, know little and care less about what is happen-ing in Treorchy (Rhondda) to the west or Treharris (Taff) to

The prosperity of the valleys was based on coal and steel. Steel has disappeared from the county altogether and coal is but a shadow of its former self. Once there were 66 pits in the Rhondda alone; today, none survives. There are only nine left in South Wales and Mid Glamorgan has six of them. But they only employ about 3,400 men where once, admittedly just before the First World War, the figure was more than 250,000 throughout South Wales.

Twenty years ago a govern-ment report on Wales asserted

focus attention on the valleys to help regenerate them. Last June, appropriately in a new factory extension in the Rhondda, he introduced a three-year "programme of action" designed to improve economic, environmental and social conditions. It was clear he did not accept all the premises in the Institute of Welsh Affairs' report although there was a broad band of agree-

Mr Walker decided to pump more money in through an up-graded factory building programme, increase the amount being spent on derelict land clearance and give more money through the urban programme towards local projects. His valleys programme also included more spending to sup-port industry, help for small businesses, and the establishment of a new Quality Centre. The programme was not, though, solely economic. There was a commitment to improve health care, plans to improve 32,000 flats and houses, incentives for new private house building and aid for voluntary

MID GLAMORGAN COLLIERIES Output (tonnes) Deep Navigation Merthyr Vale 209,025 Tall Merthy: Trelewis 1,451,750 3,460

Job Losses in MID GLAMORGAN COAL INDUSTRY 1984-1988 Sept'88 Sept'84 % Job loss Deep mines

als, almost 50 in all, some new. some "enhanced" (to use the language of government), to bring new economic and social life to the area.

In Mid Glamorgan the pro-

posals varied from the expected to the imaginative: high-quality craft shops in the Rhondda heritage park; the establishment of a Wales Qual-

Patrick Walker has taken a small amount of extra government money, rolled it around with a lot more private commitment and come up with a list of proposals, almost 50 in all, some new, some 'enhanced' to bring new economic and social life to the area. This was the public relations aspect of government policy

At the same time, Mr Walker incorporated into his programme private schemes that had already been planned, or even started, by the private sector. Whitbead's £17m investment in its public houses was included as were a £25m and the private sector. included, as was a £25m pro-

gramme by Bass.

This was the public relations aspect of the policy. Mr Walker has taken a small amount of extra government money, rolled it around with a lot more private commitment and come up with a list of propos-

ity Centre at Treforest; building a business park in Merthyr Tydfil; a new regional office for the Welsh Development Agency in Merthyr, finance for a manor house redevelopment in the Rhymney valley, money for work on the Parc and Dare

Hall at Treorchy, a unit for the elderly in Aberdare; and a com-munity health clinic at Porth. In February Mr Walker returned to Merthyr to report progress. He clearly keeps a close eye on the programme and monitors its progress quar-

teriy. After six months, he reported, "much progress is being made, change is taking place at a great pace." A small-loan scheme has been established as well as an enter-prise loan scheme, both specifi-

An export sarvices adviser, also specifically for the valleys, had been appointed; five export advisory clinics held and another 17 planned 3i, the ven-ture capital fund group, was expected to provide more than 25m in 1988-9, double the amount forecast a year earlier. New factories were being built by the WDA at an increasing rate, an increased tourist bud-get had been sanctioned and more aid given to tourist pro-jects, and road improvements in Merthyr will begin this month. Community projects will begin this year in Ogwr and the Rhondda while Groundwork Trusts are being established in the Cynon and Ogwr valleys to supplement

the one in Merthyr. These schemes have been criticised as being little more than gloss. A community cen-tre here, a road widening there, small amounts for a beritage park in the Rhondda or a bus station in Merthyr are not going to transform the valleys the critics claim.

objective criticism. There is as yet little outward evidence of any perceptible change in the appearance of the valleys or of much new investment in them. Such improvements as have occurred - opening the new road into the beart of the Rhondda, bypassing Tonypandy and Porth - were conceived, planned and executed long before Mr Walker arrived

Such criticism, though, overlooks two things: first, new schemes involving government take time to come to fruition. Results on the ground will not be seen for some time. Take Merthyr business park. Work on the infrastructure has been completed but it will be many months before buildings

appear, let alone tenants. Of even more relevance is what Mr Walker has done to focus attention on the valleys. His enthusiasm for, and continnous commitment to, the valleys programme has forced people to look airesh at the whole area. At first, that meant civil servants within the Weish Office. Then the focus extended to local authority offi-cials and eventually to the private sector. Now more people are discovering what Ribbons' Mr John Fleming and Tri-

already seen happening All of them are becoming aware of the valleys, their problems and the importance of finding solutions. They now know that if this "inner-city problem" is to be solved then everyone will have to give greater thought to what they can do for the valleys. This is the real success behind the government's initiative - it has concentrated attention on an area that too many had

written off or ignored. Mr Walker, by the laws of politics, may not stay in the Welsh Office long enough to see his forecast of unemploy-ment fall to Home Countles levels but he is determined that within the foreseeable future everyone will at least

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INFRASTRUCTURE

On the right track

remarkable revival that is taking place in Mid Glamorgan at the moment is the rediscovery of the railways. It is on a small scale, but it is one of the ele-ments that is helping bring new economic life to the

In this the most unexpected success has been a scheme that has restored passenger rail traffic to the Cynon Valley for the first time in 25 years.

It was the Reeching are on railways operations which ended the service between Aberdare and Abercynon in 1964. That meant the effective disappearance of rail travel between Aberdare and Cardiff.
But last year a joint initiative
between British Rail and Mid
Glamorgan County Council
saw the route opened to passengers once again.

The county council invested £1.5m in the scheme to revive the service but it is not providing any revenue subsidy. Even so, after only a few months in operation the service is proba-bly breaking even. Mr Gareth Jenkins of British Rail in Car-

Jenkins of British Rail in Cardiff said: "It is already exceeding our expectations at this early stage."
Certainly the line has performed sufficiently well to suggest that it can continue to pay its way. Indeed, once further track and signalling work has been completed, the present two-hourly service will become hourly next autumn.
This is the kind of infrastructure development for

This is the kind of infrastructure development for which there is a limited window of opportunity. The lines are still there for freight traffic, but the decline of industries like coal mean that if they are not used as passenger carrying systems they might well have to close altogether.

This kind of co-operation between the local authorities and British Rall is having an effect on the rest of the system — and one that is in consider-

- and one that is in considerable contrast to railway activity in the rest of the country. New stations have been opened in the Rhondda Valley, for example, and now a plan is being put forward to extend rall services in the west of the county. That scheme would involve a service between Car-diff and Bridgend being extended to Tondu in the

Llynfi Valley.

It looks as though a traditional affection for travelling by train still has a strong hold even though much of the emphasis on infrastructure development in the area has long been on improving road

That is obviously going to continue because the key to any real growth in the heart of Mid Giamorgan is going to depend on efficient access. This means opening up new road links which make the val-ley towns in particular much

Journeys along the narrow, built-up roads from south to north have long been notori-ously difficult. Not long ago, for instance, it could take well over an hour to travel the 25mile journey from Cardiff to Merthyr Tydfil. Now, with the

dual carriageway for the whole of the route, the travelling time is half an hour or less.

The particular emphasis of the roads programme is to give the centre of the valleys swift access to the M4 in the south and the Heads of the Valleys road in the north. It means that industry is much more willing to move in and, just as

important, that commuting to work on the coast is considerawork on the coast is consinera-bly easier.

"Unless you've got an ade-quate road system, you are not on the starting grid for devel-opment," one official said.

"There is a greater willingness to invest in the area, but without the roads we simply would not have got it."

Because of this the most famous valley of them all -the Rhondda - has been opened up in a way that has cut many journey times by half. Further schemes near Llantrisant and Pontypridd should improve journey times

still further. But it is not simply a ques

ment putting people and jobs. in closer touch with each other. The task also involves changing other aspects of communities that have been severely hit by recession.

pendy, for instance, a new pri being built by the Barratt Group. A few years ago this would have been unthinkable, but a combination of the clearance of an old colliery site and work on creating the Mid Rhondda access road have made it a practicable commercial proposition. What is clear is that improve

ing communications also provides an opportunity to improve other aspects of life in the area and road planning throughout the county is intended to enhance this.

It is particularly true when road schemes involve by-passing town centres. Taking much of the traffic away allows the planners to undertake urban renewal schemes and make towns more attractive both to investors and to the people who already live there. For once, making room for the car and the long is actually helping to make people's quality of life better rather than worse.

Patrick Hannan



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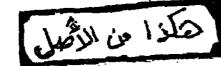
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MID GLAMORGAN 3

Ribbons Long, painful recovery

FOUR YEARS ago Ribbons was on the floor, being run by a receiver before being put into the hands of a liquidator. Then known as W Ribbons it had too many employees and too little

producer of seat belts and specialist webbing in Britain, if not Europe.

nies in this field in Europe and cranes and it has a strong base though we cannot compete in orders from the Ministry of with them on size we are well Defence. After the MoD began with them on size we are well ahead of them in technology

It is a big claim for a small company in Treorchy at the top of the Rhondda valley. W Ribbons moved to South Wales nearly three decades ago and built a name as a specialist manufacturer of polyester and nylon woven narrow fabrics. It hylon woven narrow labras.

built a workforce of more than which will also be in the will also be in the which will also be in the which will also be in the workforce of more than which will also be in the will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of more than which will also be in the workforce of the workf

The company was bought by two young Welsh entrepre-neurs, Mr Kenneth Jenner and Mr John Simpson, who installed new equipment, and made a fresh start with just 12 of the original employees. That number has been boosted to 90; turnover will probably reach £5.25m this year and profits

piet over fim.
Ribbons makes enough
webbbing – 10m metres – for
Im seat belts a year of which just over 10 per cent is exported to Europe. The chances are that its webbing is in just about every Britishmade car on the road.
"Business is going from

strength to strength," according to Mr Fleming. "We are modern machinery.

Today, it is, according to Mr
John Fleming, its managing
director, "probably the best
producer of seat belts and spe-

t Europe. end-product. Ribbons also makes heavy duty slings for ordering the company spent £1.5m on fully-computerised equipment which pushed it to the forefront of its sector, able to take on the European giznts head first.

Since its reincarnation as Ribbons the company has gone from profit to profit. A further The county's business profile has changed dramatically in recent

years. Anthony Moreton looks at some of the leading players

High-tech replaces high stack

The popular conception of industry in Mid Glamorgan is a misconception. It is no longer filled with coal mines and steelworks; coal is reduced to 3,600 men in six pits, there is no steelworks in the county. High-tech has replaced high stack and there is a great diversity of concerns. The largest, in employment terms, is Hoover, which moved its European headquarters from Perivale in west London to Merthyr Tydfil last year. Merthyr is the home of its washing machine and dish-washer out-

AB Electronics, with headquarters in Abercynon, is another big employer, though only some of its workers are based in the county. AB is a leading supplier of electronic components to a wide range of industries, especially the motor sector. Another important supplier of high-tech parts is Race Electronics, part of the Gooding Group, which is expanding rap-

Bridgend is the home of several major international names, including a Ford engine plant and Sony whose factory

exports a third of its television sets and tubes to Europe. Nearby are the Royal Mint, L'Oreal, Fram, British Tissues, Revion and Ferrero.

Although it is difficult, because of the nature of the land, to find large plots of land capable of housing big concerns in the valleys there is still a cross-section of diversified companies operating within the county's borders. The compar this page are merely a representative selection of those to be found within Mid

attempt to manufacture every-Triumph thing in-house; pay particular attention to quality; and buy British wherever possible.

That philosophy has enabled the privately-owned Merthyr Tydril company to become number three in its field, behind Vickers and Bisley, employing 370 people and see-ing its turnover reach £14m in the year to the end of this April

The company was set up just before the end of the Second World War in Merthyr and the foundations of its success arose when the Jackson family acquired control in 1946. Then it was producing steel-based

honsehold items such as bread bins and hearth plates and the move into goods for the com-mercial rather than domestic market - at first cupboards and shelving - only came when purchase tax was raised to 66.66 per cent in 1948.

The company's emphasis on office furniture dates back to the mid-1950s since when it has hardly deviated from this core business. Mr Paul Jackson, the present managing director and grandson of one of three founting brothers, claims Triumph was the first to produce the lateral filing system.

"We were well ahead of our time with it and we have had

to do little to change it. It has sold well ever since."

Since then Triumph has developed a range of products for the office and three years

ago set up a subsidiary, Free-form, under Mr Andrew Jackanother grandson, to develop integrated office systems. Freeform now accounts for about 5 per cent of Triumph's turnover, both of which are expected to continue to grow. Group turnover is forecast to

rise to £16m this year. Triumph now occupies some 400,000 sq ft and as the plant is sitting in a 26-acre site there remains ample room for expansion.

Rockwool

Major player in from the

cold Bridgend, just 10 years ago, Welsh offspring of a privately-owned Danish parent, and has already captured a third of the

British insulation market. Last year turnover reached 237m and the Welsh plant has become the highest profit-base unit in the international company, employing 400 people in a sylvan setting that was once — though it is difficult to see the connection now - a coal

In the early 1980s, when Rockwool was establishing itself, the insulation market was dominated by the UK's Pilkington, with its Fibregla Cape Alman and Gyproc (a subsidiary of British Plaster Board). Today, Pilkington,

which has since acquired Cape, is still the market leader but it is now being increasingly chal-

lenged by Rockwool
The company's name describes its product suc-cinctly. It makes a wool-like fibre from a rock and the envi-ronmentally-friendly qualities inherent in the processed fibre have enabled to advance in a world increasingly conscious of pollutants being released into the atmosphere.

Its end product covers the field of insulant applications

field of insulant applications: from industrial heating applications to fire protection; from home insulation to lagging of

in recent years the company struction boom and even if this flattens out it believes there is further growth for its own output as customers increasingly switch to its range of products.

Rockwool is produced by heating a mixture of basalt and coke to extremely high temperatures - around 1,500 centigrade - and spinning the cooled product into fibres.

The end product is some thing that has a wide variety of direct uses in the insulant field as well as, with some varia-tions, an application for grow-ing plants and vegetables.

'We have succeeded." says Mr Richard Moore, marketing manager, "because of the great technology put into the producogy will stand us in good stead as we compete for a bigger share of the market.'

Delyn **Packaging**

Saved by the snow

THE DAY the roof fell in was the day Delyn Packaging was

saved.

For about eight years Delyn, two-thirds of whose output had been in printed cardboard products, had been operating against a background of rising costs in a cut-throat sector. A 29 per cent injection of capital by the Weish Development Agency had helped to keep the company above water.

OUG-

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on

200

Then on January 8 1982, the worst snowstorm to hit South Wales dumped 500 tennes of

and, says finance director Mr Malcolm Braun, it forced us to think over our whole strategy. The result was that the card-

hoard side, which accounted for two thirds of turnover, was dropped altogether and Delyn concentrated on Christmas paper gift-wrapping and its then small plastics packaging

The plastics side was operat-ing again within three weeks as rebuilding work want on but the gift-wrap side took five months and in order to build up stocks for Christmas 1982 at a late stage in the year Delyn concentrated on the finishing end of the business.

Plastics began to grow in importance and having taken one strategic look at where the company was going, it then did the same a second time and opted out of paper. Ten years ago Delyn was to per cent plas-tics and 90 per cent board and paper; today it is 100 per cent plastics and growing, with turnover having reached £8.23m last year.

Four years ago the WDA sold its holding to Mr Paul Norman, who is now chairman.

gramme, costing £3m, install-ing machinery not just to make the packaging but also to reclaim and reprocess the

Living

up to its

name

TRIUMPH IS one of the leading

concerns in the office-equip-

ment field. It has reached this

position on the basis of a straight-forward philosophy:

sell exclusively to the trade;

Delyn may not be a household name but its packaging is in every house. Its clear moulds are filled with the trifles, sandwiches, cakes, chicken kievs and salads that are to be found on the refrigerated shelves of every major food retailer in the high street. It also makes the sachets and tubes that contain shampoo or

"Now," says Mr Norman,
"we are focusing on those areas which have growing markets, like packaging for conve-nience foods and those capable of going straight into the microwave. Our style of life is changing rapidly and we are in a position to cater for the new ways."

Having conquered the British market Delyn is looking to Europe, not just because of the integrated market coming in 1992 but because it is a good place in which to expand. "We the stuff on Delyn's roof in Norman, who is now chairman, are looking at Spain, France Cherphilly, which promptly and following his arrival the collapsed under the weight, company last year undertook. The company came to a half. Its largest investment produing something in France."

Apollo

Group to watch out for

IT IS not easy to find Apollo's factory in Penygraig, deep in the heart of the Rhondda valley. But the geographic location has not been any hindrance to the company, which is the largest manufacturer of

leather watch straps in Britain. Straps may be its main busi-ness but in recent years the company has branched into watches, buying in and assembling a range that starts with children's novelty watches and includes the character watches that have become fashionable.

Apollo has the licence to produce Disney character faces for its watches and Mr Bill Pollock, the chairman, proudly shows his own which has a Disney character on the face that revolves with the hours. Watch straps may sound a

mundane business but Mr Pollock disagrees. "Watch straps are now part of the fashion business. People will change them frequently and they are being made in a variety of colours and fashions. Character watches are also becoming widely accepted among people who a few years ago would not have worn anything but a stan-

dard watch." Mr Pollock mentioned a well-known name, a name that advertises heavily and is synonymous with quality and high price, the sort of watch any self-respecting business person would be happy to be seen

wearing. Proof of his assertion had been provided for me a few days earlier when the managing director of an international organisation had shown me his fun watch, bought for £25 in Hong Kong. The Apollo business was

started by Mr Pollock together with his father and brother in 1955 (his father has since died and his brother has left the business though his own son Julian joined him after university at Manchester) and has been built to the point where it has the lion's share of the Brit-

Fifteen years ago there were perhaps a dozen manufactur-ers: Mr Pollock says Apollo is now the only one remaining growth ahead."

with a substantial trade. Imports account for about a fifth of the trade, other British manufacturers have about a 10 per cent share and Apollo accounts for the rest. Turnover in 1987 reached £4.1m, a 43 per cent rise on the year, and profits almost tripled to £504,000. When the figures for 1988 are published towards the end of this month he confidently expects both to be substantially higher.

For a company that only went to the USM last October, capitalised at £9.75m, and already worth about a third more, this is more than gratify-

Within the Rhondda Apollo has become a significant employer, its workforce of 120 at the end of last year is already up to 160 as demand rises strongly and should reach 200 by the middle of this year.

"We are expanding all the time," Mr Pollock says. "Our strength is that we have direct entry, through our salesforce, into every jeweller in the country. That distribution network an enormous strength. With relatively cheap character watches becoming increasingly fashionable Apollo is well

Align-Rite West Coast

ALIGN-RITE is probably unique. Few companies can have transferred their interna-tional headquarters, as it has done, from Burbank California to the UK; almost certainly, none has switched from Burbank to Bridgend.

Now Mr Jim MacDonald, the chairman, flies over to Bridg-end several times a year for board meetings, bringing his Pacific-coast suntan to the Land of the Falling Rain. Not that he is concerned about the weather. Align-Rite is at the frontier of scientific advance and he has found the right conditions in Britain for the company to take further steps

Align-Rite is a world leader in the field of semiconductor photomask production, an essential part of the manufacture of chips. The company makes a "high-technology sten- he intends to do.

cil" containing all the circuit images on a specially prepared flat surface, usually glass or quartz, and reduces the "stencil" to chip size by a process that is a form of photolithogra-

phy.
This state-of-the-art business may not be not the sort of industry normally associated with Mid Glamorgan but Mr MacDonald finds the conditions just right for his Euro-

pean base.
"We chose a fine site back in 1984 on the Bridgend science park and from there we have just gone on growing. Half our staff are graduates with higher degrees and they like working both in the conditions and the

expanded into Holland with a £7.5m investment to make photomasks using the E-beam (electronic beam) techniques that had been in operation in Bridgend for some time.

Align-Rite's strength is that it is in a corner of the semiconductor field where manufacturers tend to farm out its product - photomask produc-tion - to independents. To keep ahead of the game Mr MacDonald knows he has to invest heavily all the time. Moving his headquarters from the US to Wales is a form of

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Position.

A high level of industrial activity is creating uncommon problems

Trend that belies the image

NEXT YEAR the Weish Development Agency (WDA) will be spending more than £50 on property development. A large proportion of that will go to Mid Glamorgan, but one of the reasons for it is not perhaps the most obvious.

Although the area has a public image of severe recession caused in particular by the decline of heavy industry, one of its present problems is in fact caused by the high level of industrial activity.

According to Mr Alan Brown, the county's business development manager: "The days when we had many new industrial estates with empty factories are long gone. We are now actively looking to both public and private developers to build more factories to sat-isfy the strong market demand. At the moment market demand

is not being met." That is a view confirmed by the WDA's property director, Mr Ian Rooks. "Even with speculative building a lot of our property is pre-let before it is

the reason for this is fairly clear. The south of the county is within easy reach of the M4 and is therefore particularly attractive to industry looking to establish itself or to expand.

completed. We rarely have empty factories these days." old Nantgarw colliery. Mr In part of Mid Glamorgan Rooks is confident that this can be a very significant devel-

opment.
"By any standards we would argue that Treforest is a success story. Nantgarw will be a major strategy site serving

of the most important and attractive developments, there is activity all over the county. Bridgend, Merthyr, Llantrisant, the Rhondda, Rhymney and Bedwas are among the

and Bedwas are among the places where sites and build-ings are being made available.

There are two factors cur-rently stimulating demand and

general activity. One is the

The WDA and the county council are now looking to the private sector to become more involved in development, particularly as the area becomes commercially more attractive

both Cardiff and the South The presence of companies like Wales valleys."

And while this might be one Ford and Sony in Bridgend is

testimony to that.
One of the first of Britain's trading estates, at Treforest, might have seemed a little remote from the great industrial centres when it was built before the war. Now it is 10 minutes from the motorway and in recent years £10m has been spend on improving it. Now the WDA wants to develop a further 91 acres next

them to develop successfully. The other, according to Mr Rooks, is the success of companies which moved into the area

some time ago. "What is happening now is that companies who came in during the 1970s and the early 1980s are now setting out on

increasing interest of compa-nies from outside Wales looking for somewhere with

the space, communications and

labour force that will allow

development. The sheer range of activity is remarkable, with premises from 500 sq ft to 400,000 sq ft being made available. Ready-built factories are one arm of the strategy but so are bespoke factories for specific clients as well as sites on which they can carry out their own develop-

their second or third phase of

The increasing attractiveness of the area is shown by the way in which rents have risen in the areas which are most attractive to industry. In the M4 corridor new factory pace is around £3.50 a square foot. Further north in the county, though, the land values and rents tend to fall, although the gap is diminish-

Mr Rooks says: "We are charged with getting an appro-priate market value but we have to lead the market to some extent. Even so, demand is so strong that rentals in themselves are not a barrier to letting."

Both the WDA and the county council are now looking to the private sector to become more involved in development particularly as the area becomes commercially more attractive. And there are signs of this happening in projects like a 53m office complex at Treforest - a joint develop-ment by the Oldway Group with the WDA.

But although such partnership schemes are becoming more common, the public sector is still likely to have to set the pace for some time yet.

This it is doing in an increasingly sophisticated way at developments such as Mid Gla-morgan Science Park at Bridgend where an innovation centre has just been opened. And later this year the WDA will also be opening a Quality, Enterprise and Design Centre on the Treforest estate.

The idea is to create a centre which will service the needs of companies starting up or expanding in the area. It is a long way from the pre-war origins of the surrounding facto-: another i move to change the economic image of this part of Wales.

> open in April 1991, with a tar-Patrick Hannan

A new role for King Coal

this time not workers for its

The county is putting its unique industrial history to work alongside the more natural lure of scenic mountains, wild moorlands, an unspoilt coastline and the majestic Brecon Beacons which grace its

doorstep.
Rhondda heritage park, an ambitious project, best shows a proud community's determination to mark its valley's lead-ing place in world industrial history and at the same time make a future from the past.
With male unemployment still at nearly 16 per cent, the area is desperate to stimulate its economy and create new jobs after years of declining

heavy industry. The closure in 1983 of Tu Mawr-Lewis Marthur colliery near Pontypridd first joited local authorities into action to retain some reminder of the industry which shaped so much of the valley's history.

This summer the Heritage Park's first stage, a visitor cen-tre, will open on the site as work gathers pace to repaint rusted winding gear, restore derelict colliery buildings and make a start on recreating a mining village. With more than £2m in urban programme funding already earmarked for the first three years' development, the entire park is scheduled for completion in 1993, with hopes of attracting an estimated 250,000 visitors a year, creating

300 jobs.

Galleries and exhibitions, a major auditorium, choir and band concerts and regular festivals will emphasise a human story. A rail link to bring visitors from the new Cardiff Bay development area some 48 km

away is also a possibility. Mr Andrew Hodd, Rhondda Heritage Park's development officer, believes the project will in turn bring new industry into the area by helping to reverse the image of the valleys as an unattractive place to live and

"There is strong local support and the community is keen to put the Rhondda on the tourist map to show visitors what it is really like. It is not only a memorial to the past

but a gateway to the future." Elsewhere, the Wales Tourist Board has just granted £400,000 to support Rhumney Valley District Council's plans to develop tourism in the area. In addition to widening the appeal of its "flagship", Caerphilly Castle, Wales's largest fortification, the council is developing several other "livlike Llancaiach Fawr, a Grade 1 listed 17th century manor house near Nelson, planned to

MID GLAMORGAN is trying to get of 100,000 visitors a year. attract people back again - Ystrad Mill, an 18th centur Ystrad Mill, an 18th century corn mill and the restoration of once dynamic coal and iron industries but tourists.

The county is putting its an early 19th century iron workers village in the Upper Valley at Butetown are also planned with an eye to proving alternative attractions for vial-tors to the National garden fes-tival being held in neighbour-

The state of the s

ing Ebbw Vale in 1992. Merthyr Tydfil, the very cra-dle of the first Industrial Revolution, is now vying to become the tourism capital of the

South Wales valleys.

A museum of iron-making, three new hotels and an 80 km scenic "green route" for cyclists and walkers to enjoy the Taff Valley between Cardiff and the Brecon Beacons are now under way. Snowtrail, a £1.25m project on the moun-tainside at Treedyrhiw is, at 400 metres, the longest artifi-cial slope in Britain and is drawing crowds of regular ski-ers from the Midlands, West Country, Yorkshire and London. A new nine-hole golf course is being built nearby. Merthyr Borough is also devel-oning Cufarthfa Castle, home of the Crawshay family iron

The Wales Tourist Board, committing film to aid new projects in the valleys, believes Mid Glamorgan tourism will reap major advantage from recently improved road and

"Part of the strategy is to encourage people to revisit the valleys, to see for themselves the dramatic transformation that is taking place," says Mr Don Evans, the Board's mar-keting services manager. "We believe areas like Mid Glamorgan have a unique potential. Local authorities have grasped that and are putting forward exciting schem

With pressure already growing for more tourist accommodation, Whitbread Wales has taken a lead with a three year £14.5m investment programme to improve facilities at its pubs and hotels in the valleys. In a pilot scheme, £500,000 was

spent on seven pubs.

For too many years people have turned their backs on the valleys. We believe the reverse is now happening and the valleys offer an outstanding opportunity for growth," says Whitbread's tenanted trade

coast, developers are keen to invest in the county's more tra-ditional tourist area - Porth-cawl, for generations of miners the seaside "lung" of the

A public inquiry has just concluded into plans by Wimpey Homes (Holding) for a marina and harbourside village of up to 350 homes on a 74 acre site, taking in the existing har-bour basin and promenade. The First Leisure Corporation. which has acquired the nearby Trecco Bay caravan park, has so far invested more than £5m in upgrading the 150 acre site. one of the largest in Europe with space for nearly 3,000 car-

The magnificent Bryngara County park near Bridgend, Ogwr Borough's latest amenity, attracted 95,000 visitors last year in only its second. The borough's 130,000 population rises to 200,000 during the tourist sesson, a measure of the importance of tourism to the county's economy.

Brenden Serry

Valley Initiative!

Who's setting the pace . . . Rhondda

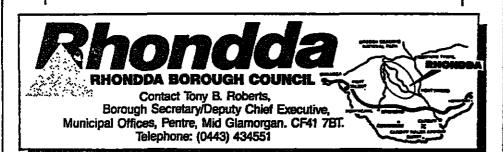
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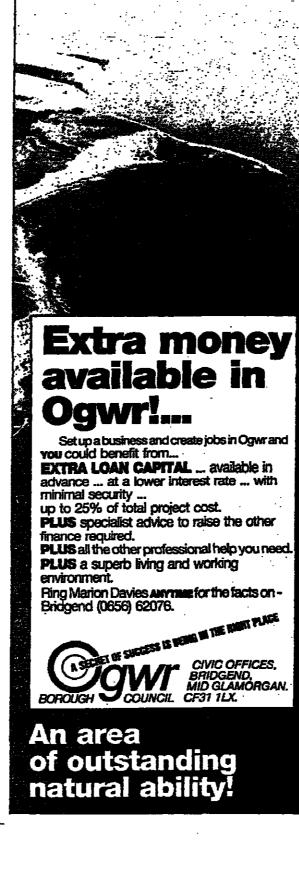
Race Electronics have enjoyed NEC. phenomenal success over the last few Ricch

million in 1985, with 80 employees, to Servis £80 million in 1989, with 1,400 employees. Sharp But the uttimate benchmark for any successful company is the client list. Sony

Our long list of satisfied "blue chip" customers is testament to the quality and service we offer. Little wonder we're racing ahead in

the electronics field. If you have any enquirles please telephone: (0443) 237566. UK Atomic Energy Authonty





THE BEST FROM WALES AND HOOVER The latest WASHING MACHINES and DISHWASHERS

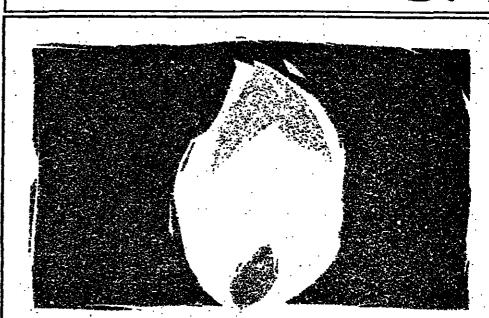


Hoover are the leading manufacturers of white goods in the UK, and have long been in the forefront of washing machine design.

The HOOVER 'Computer Logic' 1300 is the most **advanced automatic you can buy - over 40 programme** options, computer memory, large 5 kg capacity.

Now Hoover have just begun production of a British made dishwasher range at their plant in Merthyr Tydfil, Mid Glamorgan. Two completely new 'Crystaljet' models set to establish the company as a leader in yet another market - one which is set to become the growth market of the 90's.

HOOVER CAN HANDLE IT



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not only Britain's most cost il, it's else the preferred method is is the feel of the future, too. Exciting

into little Combined Heat and erating electrical power and het

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WE'VE GOT THE

CONSTRUCTION CONTRACTS

£80m for A. McAlpine

ALFRED McALPINE has been awarded a further £80m worth of contracts recently with nearly 240m being placed by the private sector.

The largest is a film cam-pus office development of over 200,000 sq it at the Croxley Centre, Wattord, for The Stan-dard Life Assurance Company. The project has a duration of 78 weeks and comprises three three storey buildings together. with separate three-storey car parks with a combined capacity of 850 cars:

The second largest contract is a £13m town centre retail development at Famborough, Hampshire, for The Princes Mead Consortium, which includes an 83,500 sq ft Asda Superstore. Features include: Superstore, readures meride; 21 retail units, a covered mall, food court, management suite and public amenities providing almost 230,000 so ft of retail space and parking for 950 cars. The coupany has also been awarded an £8.64m contract by

the Home Office for the redevelopment of the Youth Custody Centre at Guys Marsh, Dorset, and the £8.5m construction phase of a design and build contract with the Prop-erty Services Agency (PSA). The PSA contract is for the construction of a Crown and County Courts building in the centre of Stafford.

Other contracts awarded to

West Glamorgan County Council for the Stage 1 Llanelli link road; a £3.7m office development in Redhill, Surrey for Norwich Union; a £2.9m flood embankment on top of a dam at Woodhead for North West Water Authority; a £2m housing contract for London Borough of Newham; £1.85m sea defences at Prestatyn for Rhuddlan Borough Council; a £1.5m office building in Chester for TSB; £2.4m fixed contracts for M.W. Kellogg at Carrington; a £1.19m prison block in Liverpool for the Home Office; a £767,900 contract to refurbish housing at Old Town Peebles for Eildon Housing Associa-tion; a £640,000 reinforced-concrete tank for Welsh Water Authority at Gresford in Clwyd, and a £628,000 contract for the Home Office at Risley.
Alfred McAlpine Quarry Products has won a £8.34m contract from North Yorkshire County Council for the resurfacing of 11km of northbound carriageway on the A1(M) between Barton and Burtree, a £2.5m subcontract from Cementation Construction for runway resurfacing at RAF Finningley, South Yorkshire and a \$1.08m subcontract from

Architects predict boom

By Andrew Taylor, Construction Correspondent

PRIVATE ARCHITECTS received a record of almost £13bn new commissions in the final three months of last year, according to a survey by the Royal Institute of British

The institute said commissions were 27 per cent bigher between October and December than during the previous three months. Architects' commi provide a good early guide to future construction contracts.

The results confirm the continued rise in private sector commercial and industrial orders to contractors at the end of last year, reported in the most recent statistics from the Environment Department The institute said: "The British construction boom has

commissioned during the final quarter of last year." The survey commissioned by RIBA LEADS (published jointly by the institute and

predictions by reaching another record level of work

It still expected workloads to questioned 5000 architectural practices about the outlook remain above 1987 levels. for work during the next six It said office development work won by architects could Thirty per cent of firms said fall by 15 per cent during the pext 12 months, with

speculative developers at risk

could fall by a tenth and many

of becoming financially over-stretched. Retail work

refurbishment jobs be postponed should consumer

during the next 12 months,

continuing demand for more

facilities," said the institute.

The distribution of large projects

(£5m+) shows an incre

Spending fall sharply. Leisure developments were

they expected commisions to increase, 57 per cent expected workloads to remain stable, and 13 per cent expected work The institute said the survey

showed the way in which theconstruction boom which had started in south east England had spread to other parts of the country. "All regions, with the exception of the south west, showed a massive increase in work commissioned. The biggest rises were in the

Midlands and East Anglia, up

67 per cent. Scotland was up 30 per cent and London 29 per New commissions had more than quadrupled in Scotland last year. The institute, however, expected architects' workloads would decline during the next 12 months as high interest rates dented

٠	Architects	Predictions	By Region	
· .	. , %щр	%stable	%down	balance
	37	51	11	+26
κŔ.	25 21	53	22	+3
وما	21	71	8	+13
où!	39	48 ·	5 13	+26
-	40	53 55	7	+33
	25	55	19 ·	+6
٠.	43	54	3	+40
:-	17	72	10	+7
-	39	· · • • • • • • • • • • • • • • • • • •	18	+17

Mowlem builds a park

Fairclough builds hotel

Over £10.5m orders have been awarded to MOWLEM REGIONAL CONSTRUCTION including Everton Park Phase IV for the City of Liverpool and

Merseyside Task Force.

Valued at £1.8m, the order is for the development of a 10 acre site to provide parks and gardens. Work involves con-truction of a fountain pool area, nature and flower gar-dens, footpaths and walkways together with stone and wrought iron boundary fences. The twelve-month project is for

likely to provide an increasing amount of work for architects the the City of Liverpool.

Merseyside Waste Disposal
Authority has awarded a with new commissions
expected to rise by 8 per cent.
"As the tourist industry
grows there will be a £1.43m contract for a waste transfer station at Southport. At Hollinwood Avenue Indus-trial Estate, Oldham, the Metropolitan Borough Council has and a wider variety, of hotels, restaurants and other awarded a £1.4m contract for a road, car park and associated sewers and drains.

FAIRCLOUGH BUILDING has

won over £7m worth of construction business in the Car-

is the Cardiff International Hotel on the World Trade Cen-

tre site, for The Brent Walker

Group.
The six-storey hotel will have 141 bedrooms, syndicate rooms, public areas, grillroom

and bar.
The company has started on

the conversion of nearby Snell-

The largest of three projects

diff area.

In Onllwyn, Mowlem is carrying out a film contract for the design and construction of an access road into the Onllwyn disposal point for the British Coal Opencast Executive. The project includes a weighbridge and vehicle washing facilities.

The Manchester Ship Canal Company has awarded a £700,000 contract at Ellesmere Port Dock. This involves a further extension to the container terminal and the construction of an additional quay storage area. The work includes extension of crane tracks, drainage, paving and associated works.

Other awards include: £2.5m of civil engineering works for W & E Umwelttechnick at Ellesmere Port; and the Segeberrow by pass contract, valment of Transport.

ing House, also for Brent Walker. To be renamed Har-

lech Court, the four-storey

building in Bute Terrace is being upgraded into a com-

puter centre. An office exten-

sion is being added. The build-

ing will be refurbished

internally.

The third contract is for a £1m showroom and service

facility in Hadfield Road, Leck-

with, for White Dove Garages. Fairclough Building is part

of AMEC.

Committed to Construction

Shand Construction Ltd. Shand House, Matlock, Derbyshire DE4 3AF.

Scottish bank job

F J C LILLEY, the Glasgow-based construction and property group, has received orders totalling

Melville, Dundas and Whit-son, Lilley's Glasgow based building subsidiary, has won a £7.1m contract to build a sorting office at South Gyle, Edinburgh for the Bank of Scot-land. MDW have also secured other contracts to a value of

Lilley Construction has secured two contracts in the south east of England. At Egham, Surrey it will con-struct a two-storey office build-ing for UK Land, valued at 22m, while at Maidenhead, Lil-ley is to build a three-storey U-shaped office development with car park, valued at \$2.9m, for Boundnight.

Eden Construction, the group's Cumbrian-based sub-sidiary, is to carry out reconstruction and resurfacing work on the M6 motorway in a contract with Cheshire County Council, valued at flom.

Security installation in Greenwich tower blocks

London building contractor MANSELL has won a variety of contracts totalling more than £22m for refurbishment, repair, new build, maintenance and

minor works.

The largest is a \$3.6m contract for the London Borotigh of Greenwich to install security systems to 11 tower and 35 maisonette blocks and to create 11 conciege monitoring offices at Ferrier Estate, Wei-gall Road, London SE3. Also involved is the conversion of 17

stair wells for lifts and the clo-sure of link bridges. A £2m contract for the London Bordigh of Hammersmith and Fulham at Fulham Court, Fulham Road, SW5, covers 218 flats and maisonettes, involving chiminey stack removal and roof repeir, facade repair and redecoration: refuse chute repair, common stairway refus-bishment, overhaul of services and drainage works.

A £2m refurbishment of vacant offices and construction of a plant room and link enclosure at third/fourth floor level at 33 Bruton Street, Wills for Hopemaker Properties

£1.75m construction of an infill office extension at Hove Park, Hove, Sussex, with steel frame, concrete floors and air condi-

tioning. Rehabilitation of four-storey block of flats including erec-tion of pitched roofs over flat roofs, windows and doors, gen-eral repairs and redecorations is included in a 215m contract for London Borough of Isling-ton at Canonbury Court, Seb-

TORS has been awarded a con-tract worth £2.5m by Azralinova investment to build an air coninvestment to build an air conditioned office building at No.1 Love Lane in the City of Loudon. The five-storey structure, with a total floor area of 900 sq metres, will be of steel frame construction clad principal. pally in Portland stone on two elevations and brick on the remaining elevations. Work is due for completion in March

Defence work valued at more than £5m has been placed with NORWEST HOLST by the PSA. The largest contract, at 15m, is at the army warehouse complex at MOD Domington, near Telford. Work includes the upgrading of Building B3, the provision of fire compartment walls and the construction of a single-storey office building and car parking area. At the submarine base at Fasiane, the company has a £1.04m contract to provide a weldmesh security system and other ancillary

A £550,000 contract to build a car showroom and distribution centre in Hereford, for Audit. Volkswagen dealers South Her-eford Garages, has been awarded to Clwyd-based REDROW CONSTRUCTION. The garage will be situated in College Road, Hereford, adjacent to another newly-con-structed Redrow building.

. gf.^{L7}

3\$

A £1.1m contract for the London Borough of Camden involves re-reofing, external repairs and associated internal repairs and redecorations of ulti-storey flats at St. Silas

sister company, Alfred McAl-pine Construction, to construct

the asphaltic membrane to the

upstream face of Roadford

Dam in Devon - a project being carried out for South West

Theatre refurbishment, worth £1m, mainly to roof and toilets, of The Academy, Stockwell Road, Brixton, is for Augel

Construction of two linked two-storey office buildings together with external works is included in a £900,000 new build contract for Mainstride at 72/80 Black Lion Lane,

Other contracts include £860,000 refurbishment of exterior and common areas at Wandon Road-Estate, SWI for the Royal Borough of Kensington & Chelsea, a £880,000 refur-bishment of public areas at Lennig House, Mason's Avenue, Croydon for Scottish Ami-cable Life Assurance Society; the £740,000 demolition of rear addition and rebuild of a three storey house at 54 Queen Aune Street, Wi for the Miller For Alliance & Leicester Group, a 2000,000 redurbish-Building Society, a contract is being undertaken for the ground public conveniences at Leicester Square for the City of Westminster, a £600,000 con-struction of nine staticases and external repairs for Mole Val-ley District Council at The Mead, Dorking, Surrey; £560,000 repairs at 1-51 Moody Street, El for the London Bor-ough of Tower Hamlets and £530,000 worth of refurbish-ment, including internal alter-ations and extension, of Lloyds Bank, Howard's Gate, Welwyn

SIR ROBERT MCALPINE The British Government, with MANAGEMENT CONTRACTORS has been awarded a couish firms as co-sponsors, is to equip a school in Leninaken to replace one lost in last year's earthquake. A memorandum of understanding to this effect was signed by Mr Geoffrey Howe, Foreign Secretary, and Mr Eduard Shevardnaze, Soviet Foreign Affairs Minis-

> ***
> Building services, valued at \$7.2m, for a Bristol development are to be supplied by the Western Region office of DRAKE & SCULL ENGINEER-ING, a member of the Simon Group. Air conditioning, the protection systems, all electrical services and a building management programme are to supplied to The Galleries Shopping Centre development in Broadmead, Bristol, for which Schal International are the construction managers. Joint developers for the scheme are Norwich Union Life Insurance Society and Ladbroke City and County Land Co.

> RUSH & TOMPKINS has started phase two of Sibec Developments Wellington Centre, Aldershot. Due for completion in March 1990; construc-tion involves a two-storey 13,350 sq metre shopping centie, two escalators and feature lift, and a first floor pedestrian bridge, which will link the complex with phase one.

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Supporting this is a reporting and administration system which is secure and efficient, yet flexible enough to meet the requirements of the most demanding client.

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A member of IMRO



BTR plc

(incorporated with limited liability in England under the Companies Act 1862-93)

ECU170,000,000 4¼ per cent. Convertible Subordinated Bonds due 1995 (the "ECU Bonds")

Notice is hereby given in accordance with Condition 5(A) of the ECU Bonds that the last day on which holders of the ECU Bonds (the "Bondholders") can convert the ECU Bonds into Ordinary Shares of 25p each (the "Shares") of BTR pic (the "Company") at the conversion price of 260p per Share (the "Conversion Price") is 11th May, 1989. The Conversion Price was adjusted with effect from 21st May, 1986 as set out in the Notice of Adjustment to Conversion Price published on that date. In accordance with the Notice of Early Bertemotion published on 4th April 1989, any ECU Bondo and expended up Adjustment to Conversion Price published on that date. In accordance with the induce of Early Redemption published on 4th April, 1989, any ECU Bonds not converted up to and including 11th May, 1989 will be redeemed by the Company on 19th May, 1989 (the "Redemption Date") at a price of 103 per cent. of their principal amount together with interest accrued to the Redemption Date. Such interest accrued for the period from 3rd December, 1988 to the Redemption Date will amount to ECU 19.60 for each ECU1,000 denominated ECU Bond and ECU 195.97 for each ECU10,000 denominated ECU Bond.

In connection with the "Notice of Early Redemption" of the above-referenced Bonds which was published on 4th April, 1989, the following is the corrected text of the first paragraph: "Notice is hereby given in accordance with Condition 6(B) of the ECU Bonds that BTR plc (the "Company") wishes to redeem all the ECU Bonds on 19th May, 1989 (the "Redemption Date") at a price of 103 per cent. of the principal amount (the "Redemption Amount") "

Shares issued upon conversion will be registered as of the relevant conversion date (the "Conversion Date") in the name of the Bondholder completing the notice of conversion or his nominee and will rank pari passu in all respects with the fully paid Shares in issue on such Conversion Date save that they will not be entitled to any dividends or other distributions declared or paid or made either in respect of financial periods ended prior to such Conversion Date or by reference to a record date prior to such Conversion Date. The Bondholder shall be paid upon conversion the interest accrued on each ECU Bond in respect of which the right of conversion is exercised from the date for payment of interest next preceding the Conversion Date up to the Conversion Date.

PRINCIPAL PAYING AND CONVERSION AGENT Swiss Bank Corporation Aeschenvorstadt 1 P.O. Box 1132 CH-4002 Basie

PAYING AND CONVERSION AGENTS Swiss Bank Corporation Swiss Bank House 1 High Timber Street London EC4V 3SB

Banque Générale du Luxembourg S.A. 14 Rue Aldringen

Swiss Bank Corporation (Canada) 207 Queen's Quay West Suite 780

By: Swiss Bank Corporation, Basle For and on behalf of: BTR pic

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17th April 1989

Cookson has a way with castings

APPOINTMENTS

Cluff senior posts

ager, and Mr P.W. Gorman is its associated companies.

Mr N.J.G. Graham has been appointed deputy chairman of CLUFF MINERAL EXPLORA-director of Cluff Resources), Mr TION (ZIMBABWE) with responsibility for mineral exploration in Southern Africa Pacific), and Mr R. Armstrong and South America; Mr P.N. (general manager, Bindura Cowley becomes minerals operations) are all appointed exploration manager for directors of CME(Z). By mutual Europe, North Africa and agreement Dr Michael Marti-North America; Mr A.E. Camp- near has resigned his directorbell is made operations man-ships of Chuff Resources, and

■ Mr Adrian Blackshaw, managing director of Blackwood Financial Communications, a Tranwood subsidiary, has joined the board of Broadgate Consultants Inc, New York, and Mr Thomas C. Franco, president of Broadgate, has oined the board of Blackwood. The companies have agreed a joint venture in capital market research and investor

🛮 Mr Andrew M. Zielinski has been appointed deputy group managing director of MAXWELL CONSUMER

relations counselling.



Mr Roland King (above) has been appointed development director on the main board of REGALIAN PROPERTIES.

MAGAZINES. He was finance director, publishing division, Maxwell Communication

Corporation.

■ BROWN & TAWSE GROUP has appointed Mr Colin Milne managing director of special products division. He was group financial director and company secretary and is succeeded by Mr John Rolph who was finance director of Sandell Perkins.

KINGSGRANGE has appointed Mr Roger Whitehead to the new post of managing director. He was chief executive of Beauty International Fragrances. Mr Remard Townshend, chief executive of Gilchrist & Soames, has been appointed to the board. Mr Keith Fox. managing director of Jean Sorelle, and a main board director, will resign on May 31 to take a new post.

Mr Roy Minear, managing director of Humberside Airport, leaves at the end of June to take a similar post at BLACKPOOL AIRPORT.

■ Mr Kenneth A. Ward, Mr George E. Wooder and Mr Colin J.S. Martial have been appointed directors of Alsford Page & Gems (Reinsurance Services). Mr Donn K.P. Cantwell has been appointed an assistant director of ALSFORD PAGE & GEMS,

other products,

and Mr Paul W. Glean becomes manager, treaty.

Mr Roy Crostand has been appointed managing director of Ryman and joins the board of PENTOS RETAILING GROUP. He was managing director of Paperchase.

m BELL LAWRIE, stockbrokers, Edinburgh, has appointed Mr Colin Telfer and Mr David Brown as main board directors from the end of April. Mr Ken Sinclair has become a director of Bell Lawrie Financial.

■ Mr R.G. Alldis and Mr M.J. Deakin have been appointed joint deputy managing directors of C.E. HEATH (NORTH AMERICA).

COUTTS AND CO, part of NatWest, has appointed as local directors Mr Jeremy J. Thring, at Bath; and Mr Malcolm A. Anson and Mr W.H. Robert Durle at Bristol.

■ Mr Andre Jordan, creator of the Quinta do Lago leisure velopment on the Portuguese Algarve, has been appointed managing director of BOVIS ABROAD, a P&O Group company, which has six sites in Spain and Portugal

■ P&O EUROPEAN FERRIES has appointed Captain Anthony Marsh as group nautical manager, including responsibility for safety. He succeeds Captain Terry Cairns who has been appointed fleet operations director at Portsmouth.



Mr Philip Hills (above) has been appointed head of trade finance at MIDLAND MON-TAGU from May 1.

THORN EMI COMPUTER SOFTWARE has appointed Mr Philip Jordan as managing director from May 1. He joins from Continuum, where he was European operations

■ Mr Ian Botterili has been appointed to the new post of group personnel director of REDLAND. He was international personnel director of American National Can Corporation.

Mr P.W. Dannenberg will become chairman of MAX MOREL, stockbrokers, on June 1 when Mr W.O. Morel retires.

Mr Michael Attenborough and Mr Richard Morris have been appointed joint managing directors of HODDER & STOUGHTON HOLDINGS. Mr Mark Hodder-Williams has been appointed deputy chairman.

■ Mr David W. Peebles has been appointed chief manager, London, for STATE BANK VICTORIA, Australia. He was associate director, investment banking for Bank of America Australia in Melbourne.

Nationwide finance director

■ NATIONWIDE ANGLIA has appointed Mr Daniel Hodson as group finance director. He was chairman and chief executive of Davidson Pearce Group, and prior to that was group finance diretor of Unigate Inc.

m Mr Sandy Davidson, sales, and Mr Keith Hillyer, finance, have been promoted to directors of MGM/UA HOME VIDEO.

Mr David Twigden bas been appointed financial director of TWIGDEN and its subsidiaries. He was financial controller and succeeds Mr Arthur Rowe who becomes deputy chairman.

Mr Keith Wilson, building maintenance manager, has been appointed a director of MANSELL (CITY).

From June 14 APRICOT COMPUTERS has appointed Mr Roger Foster, founder and group chief executive, as executive chairman succeeding Mr Lindsay Bury who continues as a non-executive director. Mr Simon Hunt, deputy managing director, will become joint group managing director with Mr Mike Hart who was UK managing director of Nixdorf Computer.

Mr Gordon Stevens, who recently retired as a main board director of Unilever. joins YALE AND VALOR as a non-executive director from April 26.

Mr Archie Ramsay has been appointed financial director of the proposed NORTH WEST WATER (subject to privatisation). He was financial director of Pilgrim House.

■ HARDING GROUP has appointed Mr Roy Parker as executive director. He will become managing director of electrical distribution. Mr Parker, a significant group shareholder, joins the board following the acquisition of his company, Advance Electrical Distributors.

appointed marketing director of PITNEY BOWES, succeeding Mr John Curtis who has become managing director. Mr Fletcher was retail systems division director at NCR. Mr Philip Buscombe, Mr

■ Mr Lan Fletcher has been

Abdul K. Jailed and Mr Andrea Morante baye been appointed to the mana committee of INVESTCORP. ■ Mr Mike Hart-Davies has

development director at NUCLEUS DESIGN. He was a partner with Brandmakers.

■ CAMPBELL FROZEN FOODS, manufacturing division, has appointed Mr Peter Greensmith as marketing director. He was development director with Food Brokers. Ms Maria Dooley has been made marketing manager, frozen confectionery, and Mr Martyn Ellis becomes financial director, both in the same

■ BAY PROJECTS, conference and exhibition arm of the KLP Group, has appointed Ms Jenny Yamamoto as managing

general of the CBI, has agreed to serve as a member of the BRITISH OVERSEAS TRADE BOARD for three years on a part-time basis.

I LONDON BUSES has appointed Mr John Ridley as chief safety executive. He joins from Reed International where he was chief safety engineer.

Mr John Willett, a former divisional corporate banking director of the Midland Bank, has been appointed a non-executive director of PROWTING, Ruislip.

m Dr Timothy Simpson has been appointed group managing director of CRAY ELECTRONICS HOLDINGS. He was based in Paris as marketing director of Schlumberger Instruments.

■ BARCLAYS de ZOETE WEDD has appointed Mr Gordon Bowling as a director of BZW Capital Markets, and sales manager, central banking unit. He joins from Drexel Burnham Lambert,

TRINITY INSURANCE COMPANY, a GFA International company, has appointed Mr David F. Brothwood as chief executive officer designate. He was manager, London market operations, at Royal insurance (UK). Appointed non-executive directors are Mr Jim Coggan who retired from Royal in 1987, and Mr Donald Town, who retired from the Phoenix

Hays Chemical forms speciality division

HAYS CHEMICAL DISTRIBUTION, part of the Hays group, has created a speciality division. It will be headed by Mr Harold Mathers, previously chief executive of bulk products division. He will also take on a new role as deputy managing director of the company, with special responsibility for development. Mr Graham Green, chief executive packaged products division, joins the board of Blacksmiths Chemical Services, a joint venture with Shell. Mr Nigel Wood, previously commercial director of the acids/alkalis section of bulk products division, becomes chief executive of the division; and Mr Mike Coop, operations director (chlor) becomes deputy managing director of bulk products



PRUDENTIAL CORPORATION proposes to elect Mr Colin Southgate, (above) chairman and chief executive of Thorn RML as a non-executive director at its annual meeting on

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities in Mid Kent Holdings plc. Application has been made to the Council of The Stock Exchange for the ordinary shares, the redeemable preference shares and the warrants allotted pursuant to the offers and the ordinary shares to be allosted pursuant to the rights issue and the invitation to consumers and employees to be admitted to the Official List.

Mid Kent Holdings plc (Registered in England and Wales No. 2288754)

Issue of ordinary shares, redeemable preference shares and warrants in connection with offers for the whole of the issued stock of The Mid Kent Water Company, a rights issue and an invitation to consumers and employees.

Share capital

Maximum shares issued Authorised and to be issued 28,000,000 18,419,594

Ordinary shares of £1 each; Redeemable preference shares of £1 each:

7,000,000 7,000,000 In addition, warrants to subscribe for up to 1,864,614 ordinary shares will be issued.

Mid Kent Holdings plc is a holding company and its subsidiary, The Mid Kent Water Company, is a licensed water undertaking. Particulars of the ordinary shares, redeemable preference shares and warrants are

available in the statistical service maintained by Extel Financial Limited. Dealings in the ordinary shares, the redeemable preference shares and the warrants are expected to commence on Thursday 20th April, 1989.

Copies of the Listing Particulars dated 17th April, 1989, containing particulars given in compliance with the regulations of the Council of The Stock Exchange relating to Mid Kent Holdings plc and including details of the ordinary shares, redeemable preference shares and warrants may be obtained during normal business hours and for two business days from the date of this notice from the Company Announcements Office of The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD, for collection only and on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this notice from:

Mid Kent Holdings plc, High Street, Kent ME6 5HA

Brown, Shipley & Co. Limited. Lothbury, London EC2R 7HE

Seymour Pierce Butterfield Limited. 10 Old Jewry, London EC2R SEA

17th April, 1989

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5 KOLDIN

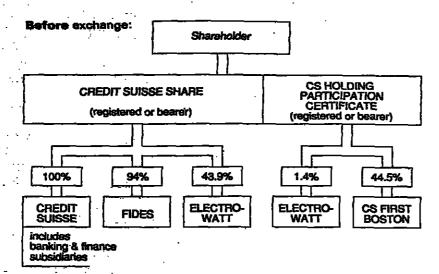
Exchange Offer to Shareholders of Credit Suisse

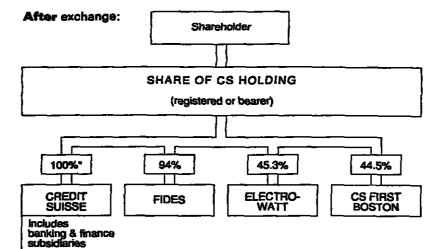
Exchange period: 17–27 April 1989, at noon

Exchange ratio: 1 share of Credit Suisse with PC of CS HOLDING = 1.1 shares of CS HOLDING

Restructuring of the CS Group CS HOLDING as the

central holding company of the CS Group





assuming exchange by all shareholders

The exchange of shares will not have any economic effect on the shareholder's equity interest.

It will merely alter the legal form of his stake in the CS Group. Instead of a Credit Suisse share with an attached participation certificate of CS HOLDING, he will now receive 11/10 share in CS HOLDING. Thus the CS HOLDING participation certificates attached to Credit Suisse shares will be transformed into separately tradeable securities (i. e. 1/10 of a new share in CS HOLDING for every existing participation certificate). To put it another way, a shareholder with ten Credit Suisse shares, including PCs of CS HOLDING, will receive eleven new shares in CS HOLDING. Moreover, after completion of the exchange he can take part in CS HOLDING's attractive par-priced rights issue.

The new Group structure

The exchange of Credit Suisse shares with attached CS HOLDING participation certificates for shares of CS HOLDING has the following major advantages for shareholders and for the Group's component companies:

Simplified Group structure

The newly structured Group will be organized under a single holding company. Credit Suisse's present non-banking interests in Electrowatt Ltd. and Fides HOLDING will be transferred to CS HOLDING. The elimination of these non-core assets from Credit Suisse's balance sheet will enable the Bank to use its capital even more effectively. Henceforth, Electrowatt Ltd. and Fides HOLDING will be direct subsidiaries of CS HOLDING.

 Increased transparency for shareholders At present, ownership of Credit Suisse shares and the attached participation certificates of CS HOLDING gives the investor an equity interest in two legally independent entities. Under the new structure, the investor will be a shareholder in a single company, CS HOLDING, which will

operate as the central holding company of the entire CS Group.

The present errangement under which the equity securities of CS HOLDING exist in the form of participation certificates attached to Credit Suisse shares will thus become redundant. The result will be to simplify the individual shareholder's relationship to the Group without changing his economic interest in the Group as a whole. The new structure will give Credit Suisse shareholders the opportunity to exchange their CS HOLDING participation certificates for CS HOLD-ING shares and thereby obtain a separately negotiable instrument.

 Basis for future growth With this new Group structure, CS HOLDING is well-positioned to meet future challenges in

domestic and international markets. CS HOLDING will now have direct interests in the following sectors: universal banking; invest-

ment banking; energy, industry, engineering services and general contracting; trust business, information technology and management consultancy.

The new structure guarantees each individual company the necessary flexibility to operate successfully in its specific field of operations within the context of the Group as a whole. At the same time, each company will be able to develop independently and - where appropriate - to have its own identity. The proposed transaction is a logical next step after the reorganization of the entire CS First Boston Group at the end of 1988.

Consolidated pro forma figures

The following figures assume a 100% exchange and are based on the annual financial statements of the Group's component companies at 31 December 1988.

Balance sheet

Consolidated pro forma balance sheet of CS HOLDING (equity method, in Sfr millions)

Assets		Liabilities and shareholders' equity			
Liquid assets	15	Borrowings	1 490		
Investments in affiliates	. 9 220	Provisions	125		
Other assets	115	Capital and reserves - Share capital - Reserves Net profit	2 035 4 930 770		
Total assets	9 350	Total liabilities and shareholders' equity 9 350			

Net profit and cash flow (equity method)

The consolidated net profit, calculated using the equity method, amounts to Sfr 770 million, with cash flow of Sfr 1.66 billion.

Equity method: The consolidated capital and raserves, net profit and cash flow of the individual companies are credited to CS HOLDING in proportion to the latter's equity interest in each firm (consolidation on a pro-

Offer of exchange

The shareholders of CS HOLDING and the Board of Directors of Credit Suisse, having passed the necessary resolution for a new CS Group structure at their meetings on 2 March 1989, approve the following Exchange and Subscription Offer and recommend the Offer to the shareholders of

- 1. Exchange period: 17 April 1989 27 April 1989, noon
- Exchange ratio:

I registered share of Credit Suisse with a nominal value of Sfr 100 together with 1 registered participation certificate of CS HOLDING with a nominal value of Sfr 10 (cartificates without coupons)

1 bearer share of Credit Suisse with a nominal value of Sfr 500 together with 1 bearer participation certificate of CS HOLDING with a nominal value of Sfr 50 (carrying coupons no. 4 & ff)

1.1 registered share of CS HOLDING with a nominal value of Sfr 100 per share (certificates without coupons)

1.1 bearer share of CS HOLDING with a nominal value of Sfr 500 per share (carrying coupons no. 1 & ff.)

If the number of shares of Credit Suisse, with participation certificates of CS HOLDING, submitted by a shareholder for exchange is not 10 or a multiple thereof, the exchange ratio will result in a fractional share of CS HOLDING, As fractions of a share of CS HOLDING cannot be delivered, the person submitting the Credit Suisse shares must then round up or down to the nearest whole share of CS HOLDING. In this context, a fractional share is defined as follows:

1 fractional share = 0,1 share of CS HOLDING The calculation of the value of fractional shares of CS HOLDING will be based on the average of the closing prices of the shares of Credit Suisse with attached participation certificates of CS HOLDING on the Zurich Stock Exchange during the period 18-21 April 1989; 0.1 share of CS HOLDING will be valued at one-eleventh (rounded up or down to the nearest whole Swiss franc) of the average value of the appropriate class of share of Credit Suisse with attached participation certificate of CS HOLDING calculated as de-

or bed shove.
On 9 May 1989, Credit Suisse will announce binding uniform prices for fractional shares of CS HOLDING (divided into bearer and registered shares) calculated on the basis of the formula set out above. The exchange will be without charge to persons presenting shares of Credit Suisse with PCs of CS HOLD-ING for exchange. Swiss Federal Stamp Tax on the issue of the new CS HOLDING shares will be paid by CS HOLDING.

Withdrawial of the offer of explange CS HOLDING reserves the right to withdraw the offer of exchange if less than two-thirds of all shares of Credit Suisse are notified and deposited for the purpose of the exchange. The decision on such a withdrawal of the offer of exchange will be made known on 9 May 1989.

5. Entry in the Shareholder's Register All registered shareholders entered in the Shareholders' Register of Credit Suisse as at 10 April 1989 will be entered without reserve in the Shareholders' Register of CS HOLDING after the exchange. Each entry will apply to all registered shares entered in the shareholder's name as at 10 April 1989. Certificates

Delivery of the new shares will be made as soon as possible. The registered shares of CS HOLDING will be issued as certificates without coupons. The bearer shares of CS HOLDING will be issued as individual shares and as certificates for 100 and 1000 shares.

The bearer and registered shares of CS HOLDING resulting from the exchange rank for dividends for the

Lietina

An application has been made to all Swiss stock exchanges for admission of the bearer and registered shares of CS HOLDING to *listing* with effect from 10 May 1989. Listing and trading of CS HOLDING bearer shares on the stock exchanges of Frankfurt and Tokyo will be instituted as soon as possibile.

Acceptance of the offer of exchange/Procedure for shareholders
Shareholders who wish to accept CS HOLDING's offer to exchange and who wish, on the basis of the new
shareholding acquired, to avail themselves of the subsequent offer of rights to purchase CS HOLDING
shares at par must fill out and sign the "Declaration of Acceptance and Assignment" form and send it to the bank at which their certificates are deposited to arrive no later than 27 April 1989, at moon for the attention of Watt AG. Shareholders who keep shares of Credit Suisse with attached participation certificates of CS HOLDING at home must fill out the "Declaration of Acceptance and Assignment" form and deposit it, accompanied by the relevant share(s), at a branch of Credit Suisse or at their own bank no later than 27 April 1989, at noon. Registered shares must carry a blank endorsement.

Shareholders who do not wish to participate in the exchange transaction and who will therefore be excluded from the subsequent offer of rights to purchase shares of CS HOLDING at par should fill out and sign the appropriate part of the "Declaration of Acceptance and Assignment" form and send it to their bank to arrive no later than 27 April 1989, at noon.

10. Absence of instructions In the case of any shareholders who have not given instructions in this matter by 27 April 1989 at noon, the shareholder's bank will act in the shareholder's interests.

Zurich, 17 April 1989

Bank responsible for handling the exchange transaction: **CREDIT SUISSE**

Rights issue

After the exchange, an offer of rights to subscribe for further shares of CS HOLDING will be made to the shareholders and remaining participation certificate holders of CS HOLDING. Under the terms of this offer, the shareholders of CS HOLDING will have the right during the period from 29 May until noon on 9 June 1989 to purchase 1 new share for every 15 shares of the same class at par. The details of the rights issue will be published in due course after completion of the exchange.

Listing numbers:

133.388 Bearer share of Credit Suisse with PC of CS HOLDING 133.367 Registered share of Credit Suisse with PC of CS HOLDING 162.750 Bearer share of CS HOLDING

162.751 Registered share of CS HOLDING

May 16-18

SARAKREEK HOLDING N.V.

Amsterdam Notice is hereby given that the Annual General Meeting of Shareholders of Sarak Holding N.V. will be held on Tuesday, 2nd May 1989 at 11 a.m. at the Pullman H Schiphol, Oute Huagneweg 20, 1066 BW Annuardam.

Annual report of the Board of Management
Establishment of the year-end eccounts 1988
Determination of the profit appropriation for 1988
Changes in the structure of the Board of Management and the Board of Sepervisors
Appointments to the Board of Supervisors
Authorization of the Board of Management to acquire - on behalf of the Company

The complete agenda for this meeting and the Annual Report and Accounts 1988 are available and can be obtained at the Company's head office: Amsteldijk 194, 1079 LK Amsterdam (Posthus 7266, 1007 KG Amsterdam) and also at the Amsterdam-Rotterdam Bank N.V., Herengracht 597, Amsterdam.

To be able to attend the meeting, shareholders must deposit their shares at the offices of the abovementioned bank not later than 27th April 1989. The deposit receipt will reader

17th April 1989

The Board of Manager

EXPORT FINANCE

The Financial Times proposes to publish a Survey on the above on

1 JUNE 1989

For a full editorial synopsis and advertisement details, please contact:

EDWARD MACQUISTEN

on 01-873 3300 or write to him at:

Number One, Southwark Bridge London SE1 9HL.

FINANCIALTIMES

BOSTON EQUITY INVESTMENT

R.C. LUXEMBOURG B 25254 N.C. LUMBROUGH B 2329 Since no quorum as required by law was present at the extraordinary meet-ing of shareholders on April 13, 1989, notice is heraby given that the second extraordinary general meeting of chareholders with be held at the regis-tered office 41, Bird. Royal, Luxembourg, on May 19, 1939, at 10.a.m. with the following agenda:

- Cancellation of article 17.

There will be no quorum requirement and the resolutions will be passed by a majority of two thirds of the sharehold-ers present or represented and voting at the meeting.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a share-holder of the Fund.

A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-lered office of the Company where a

POSTON U.S. GOVERNMENT INCOME FUND, SICAY 41, Boulevard Royal

R.C. LUXEMBOURG B 25470 Since no quarum as required by law was present at the extraordinary meet-ing of shareholders on April 3, 1989, notice is hereby given that the second extraordinary general meeting of shareholders will be held at the registered office 41, Bird. Roys!, Luxembourg. on May 19, 1989 at 5 p.m. with the following agends:

Amendments of the articles 1, 2, 3, 5, 9, 9, 12, 18, 19, 20, 21, 22, 23, 24, 26 of the Articles of incorporation of the Company in order to conform them to the law of March 30, 1888, more specifically to insert the investment policy and its restrictions such as authorised by the said law.

There wil be no quorum requirement and the resolutions will be passed by a majority of two thirds of the shareholders present or represented and voting at the meeting.

A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shere-

A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regisavailable for inspection at the regi-tered office of the Company where

By order of the Board of Directors.



THE QUEEN'S AWARDS FOR EXPORT & TECHNOLOGY

FRIDAY APRIL 21st 1989

aving been the proud recipients of Queen's Awards on three occasions, we have pleasure in inviting all those who are being honoured this year to take this opportunity to advertise their achievements in the pages of the Financial Times.

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importance. An advertisement will enhance your achievement by ensuring that your present and your potential customers are aware of your contribution to the British

Many companies have, in the past, taken advantage of the facilitiesoffered by the Financial Times to paper, the Financial Times is the publish their Oueen's Award success. Each year the Financial Times carries substantially more Queen's Awards advertising than any other newspaper.

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FINANCIAL TIMES

U.S. \$200,000,000



Compagnie Financière de Crédit Industriel et Commercial Floating Rate Notes Due 1997

Notice is hereby given that the interest payable on the relevant interest Payment Date, May 15, 1989 for the period November 14, 1988 to May 15, 1989 against Coupon No. 8 in respect of US\$50,000 nominal of the Notes will be US\$2,341.15.

April 17, 1989, London Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

DIARY DATES

FINANCIAL

S.E.P. Indi., Chartered Insurance Institute, 1. Aldermanbury, E.C., 11.00 TR Pacific law. Tal., Mermaid House, 2, Puddle Dock, E.G., 12.45

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SOARD MEETINGS-

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Stantope Props.
DIVIDEND AND INTEREST PAYMENTSAbbey National B. S. FRIN's 2000 0201.17
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RN's Jan 1936 5237.5
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Electronics
Electron House 2.5p
Kienwort Dev, Fd. 2.3p
Les Service 8.5p
Malasia FRN's 2015 247.14
St. Andrew Tst. 3.25p
Scandinavian Bank FRN's April 1933
Lest AM Bank of New South Wales Girl Und

Cap Nts 5442.36

Cap Nts 5442.36

Wells Fargo FRN's July 1997 \$242.19

TOMORROW COMPANY MEETINGSBIGC. Centre Point, 103, New Oxford
Street, W.C., 12.00
British Fidney Patient Ass. Inv. Tsr., 3,
Finsbury Avenue, E.C., 12.00
Chestergate, Armourers Hall, 61, Coleman
Street, E.C., 12.00
Commercial Union, Battle Exchange, \$2,
Mary Ave. E.C., 12.00
English & Scottish Investors, 18-18, MonsMary E.C., 12.00 1 & Scottish Imvestors, 18-18, Mong-eet, E.C., 12-30 Contlata American Trust, 25, Ravel-

PARLIAMENTARY

Commons: Dock Work Bill,

second reading. Motions on

Housing (change of landlord)

regulations and Education (National Curriculum) (attain-

ment targets and programme

of study in mathematics) and (science) orders.

Lords: Water Bill, second read-

ing. Select committees: Public

accounts: Subject, National

manent Secretary, Department

of Employment. (Room 16, 4.30

Commons: SDP motion on

commercialisation of National

Health Service. Motion to take

note of EC documents on the

Tuesday

Today

CHARLES MATER
LEADS COM MINES
THE AUSTRALE
Wickellmank Mines
ON/DENO AND RYTEREST PAYMENTSABARRALEANAMENTSABARRALEANAMENTSABARRALEANAMENTS-City of London, Stack Swan House, Whart Lame, E.C., 10.30

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Socsey & Hawkee
Finley Packaging
Hyman
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Lincoln House
Polymark Inti.
Silvermines
Sindan (William)
Tip Beek Do. Yen Depoek 13
First Socialist American Tec. 10,8p
Western Doport Tes 8p
Yetverlori Invs. 0.50
THURSDAY AFFIL 20
COMPANY MEETINGS
Cooper (Alan), Burnley Road, Tod Laneashire, 12.30

COMPANY MEETINGS-Anglis TV. Anglis House, Norwich, 12:00 British Vita, Green Street, Middleton, Man-chester, 2:15 Essex Waser, Tower Thiatte Hotel, E. 12:00 Memor. Euston Bussiness Certra, Grart Tpornton House, Melton Street, N.W., 10:00 Paribas French Inv. Tst., 68, Lombard Street, E.C., 10:30 BOARD MEETINGS-Plants

gion Terrace, Edinburgh, 12.00
Guidehouse Grp., Vesthy House, Greyfrigne Passage, Newgate Street, E.C., 10.00
National Westerincher Bank, National Westerincher Hall, 15, Bishopagate, E.C., 12.00
Northern Engineering Inde., Gesforth Park, House, Newtestle upon Tyne, 12.00
LITC Group, Howard Hotel, Temple Place, W.C., 12.00

Yelverton Irvs., Westbury, Hayteir, W., 11.00 BOARD MEETINGS-Finals: Billingsque City Securities. Bodycole Ind.

s Conver BLP CSC Inv. Trust Denistron Intl. Drayton Consoli English Nationa

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ROOMERS (MOTHER, Printy Mosel, Print-gets, Derby, 10.30 Tyrer Tees TV, Television Centre, Newcas-te upon Tyris, 2.30 BCAND MEETINGS-Flanks: Berry Starguest Children's Medical Charley Lyon & Lyon, 258, Bractord Road, Bethly, 12.75 Royal Insurance, Chartered Insurance Insula, 20, Addermandury, E.C., 11.30 SCARD MEETINGS-Plaste. Divident Annu Michael Payagnia-Aus Reta New Zeeland Benking ASO,26 Do, Nes (SOpt Div 36: 3009/80; ASO,13 Best of Chine FRN's 1982 \$438.2 Charlestell 1p Chiellain ip Christianta Bank OG Knediskasse FRN's Ct; 1987 \$448.65 Dis Ersta Daterraich SparCasse FRN's

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single Market. Opposed private

business. Lords: Official Secrets Bill. report stage. Brunei (appeals) Bill, second reading. Advice and assistance (financial conditions) (Scotland) regulations 1989. Civil legal aid (financial conditions) (Scotland) regula-Select Committee: Transport: Subject, Public Expenditure White Paper. Witness: Depart-

ment of Transport (Room 17, 4.15 pm). Wednesday

insurance fund and social fund; quality of services at local offices of Department of Commons: Debate on SLD motions on investing in the future, and on care in the com-Social Security. Witnesses: M.J.A. Partridge, Permanent Secretary DSS, G. Holland, Per-Lords: Debates on foreign affairs and defence, and the social fabric of Weish-speaking communities. Select Committees: Environ-

ment: Subject, British Waterways Board. Witness: British Waterways Board (Room 21, Agriculture: Subject, Land Chancellor's Department

SWEDISH INDUSTRY

The Financial Times proposes to publish a Survey on the above on

For a full editorial synopsis and advertisement details, please contact:

Chris Schaanning

on 01-873 3428

or Gillian King

on 01-873 4823

or write to them at:

Number One, Southwark Bridge

London SE1 9HIL.

or in Sweden contact:

Brano Munklinde

Box 45, S-182 51 Djursholm

Tel +46 8 753 6380, Fax +46 8 755 3134

Use and Forestry. Witnesses: National Farmers' Union:

Farmers' Union of Wales, Country Landowners' Associa-tion, Scottish Landowners' Federation (Room 20, 10.45 am). Energy: Subject, Energy policy implications of the green-house effect. Witnesses: Association for the Conservation of Energy, Friends of the Earth, Greenpeace, and Worldwide Fund for Nature. (Room 8, 11

am)_ Standing order committee: Subject London regional trans-port (No 2) Bill (Room 13, 11

Employment: Subject, Employment for the 1990s White Paper and work of the Department of Employment group. Witnesses: Mr Norman Fowler, Employment Secre-tary, Mr John Cope, Employ-ment Minister of State. (Room 18, 4.15 pm).

Home Affairs: Subject, Expenditure and estimates. Witnesses: Home Office; Lord

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Die Erste Onterreich SparGasse FRN's April 1932 5468.03
Hati R. S. Hij 4p Injuritiek Express 3.75p Kerny P.E. 1p Kelmvort Crasus Inv. Tal. 1.7p Metal Suided 3.75p National Westminster Pinance Gat FRN's 2005 3496.2
News Corp Ash.m. Aug Estates 4p TSB 10% pc Ln 2008 5.2125pc Waterman Partnership 25 3ATURDAY APPIL 22 DIVIDENO AND INTEREST PAYMENTS-Merivale Moore 2-5p

Chambers & Fargue 1p Hardman ASQ,00 Infl. Colours Management 0.5p asington 11.5pc Red 2017 3.50pc Jaya Robbary Fantations 65p Parthas Franch Ins. Tat. 0.8pp Serto 5p Surgeopre Para Robbar Estates 1 05p PRODAY APRIL 21

Low Debenture, 66, Gresham Street, E.C.

3.30 Centers Abroed, Barber Surgeom Hell, Imised Squara, Wood Street, E.C., 12.00 Papagomes Simb & Johnson, Pool House ols, London Rest, Ismaich, 12.00 Robinson (Thomas), Friery Hotel, Frier-th Thomas 13.00

illi (Jemes) Marnec

tish Empire Sec. A Gen.

DIVIDEND AND INTEREST PAYMENTS

(Room 15, 4.15 pm). Public Accounts: Subject, Locate in Scotland. Witnesses: Mr J.A. Scott, Secretary Industry Department for Scotland; Mr LS. Robertson, Chief Executive, Scottish Development Agency. (Room 16, 4.15 pm). Transport: Subject, Roads for the Future. Witnesses: East Coast Motorway; Bank of

Thursday Commons: Debate on report of joint committee on private bill procedure. Lords: Security Service Bill,

America. (Room 17, 4.15 pm).

report. Companies Bill, report, and Antarctic Minerals Bill, second reading. Select Committee: Court of Referees (Room 16, 11 am). Friday

Commons: Private Members' Bills. Lords: Debate on the reports of the select committee on science and technology on agri-

MAGAZINE PUBLISHING

cultural and food research.

The Financial Times proposes to publish this survey on:

16th May 1989

For a full editorial synopsis and advertisement details, please contact:

> Neville Woodcock on 01-873 3365

or write to him at:

Number One Southwark Bridge London SEI 9HL

FINANCIALTIMES

BOSTON INTERNATIONAL EQUITY INVESTMENT FUND,

SICAY
41, Boulevard Royal
Lurephourg R.C. Luxembourg B 25.256

N.L. Luxembourg B 25.256
Since no querum as required by law was present at the extraordinary meeting of shareholders on April 13, 1909, notice is hereby given that the second extraordinary general meeting of shareholders will be held at the registered office 41, Boulevard Royal, Luxembourg on May 19, 1969 at 3 p.m. with the following agenda:

- Amendments of the articles 1, 2, 5, 8, 9, 12, 18, 19, 20, 21, 22, 23, 24, 25 of the Articles of Incorporation of the Company in order to conform them to the lew of March 30, 1988, more specifically to Insert the Investment policy and its restrictions such as sufficience by the said law.

- Amendment of article 3 to be read as follows:

Article 3: The exclusive object of the fund is to place the funds available to it in a diversified portfolio of equity and equity related investments in compenies registered outside the United States of America, throughout the world, with the purpose of spreasting investment risk and afterding its shareholders the results of the changement of the Fund's particile. The Fund may take any measures and corry out any operations which it may deem useful to the accomplishment and development of its purpose to the full eight permitted by the law of March 30, 1938, regarding collective investment undertakings.

 Cancellation of article 17. There will be no quorum requirement and the resolutions will be passed by a majority of two phints of the sharehold-ers present or represented and voting at the meeting.

A shareholder entitled to attend and your at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a share-holder of the Fund.

A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-tered effice of the Company where a copy may be obtained. By order of the Sourd of Directors.

BOSTON INCOME INVESTMENT FUND, SIGAY 41, Boulevard Royal
Littembourg R.C.
LITTEMBOURGS B 25255

Since no quorum as required by law was present at the extraordinary meet-ing of shareholders on April 13 1985, notice is hereby given that the second nouse is namely given that the second extraordinary general meeting of shareholders will be held at the regis-tared office 41, Blvd. Royal Lustenbourg, on May 19, 1989 at 11 a.m. with the following agenda:

- Amendments of the articles 1, 2, 6, 8, 9, 12, 18, 19, 20, 21, 22, 23, 24, 25 of the Articles of Incorporation of the Company in order to conform them to the tew of March 30, 1986, more specifically to insert the investment policy and its restrictions such as authorised by the said law.

- Amendment of article 3 to be reed as follows:

Article 3.- Object

The exclusive object of the Fund is to place the funds available to it in transferable socurities of all types with the purpose of apreading investment risk and affording its altercholders the results of the management of the Fund's portfolio. The Fund may lake any measures and carry out any operations which it may deem useful to the accomplishment and development of its purpose to the full actent permitted by the law of 50th March, 1958, regarding collective investment understatings.

 Cancellation of article 17. There will be no quorum require and the resolutions will be passed by a majority of two thirds of the shareholders present or represented and voting at the measure.

A shareholder entitled to attend and wife at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a share-holder of the Fund. A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-tered office of the Company where a copy may be obtained.

BOSTON PACIFIC GROWTH INVESTMENT FUND, SICAY 41, Boulevard Royal Luxembourg Luxembourg R.C. LUXEMBOURG B 27.278

Since no quorum as required by law was present at the extraordinary meeting of shereholdent on April 13 1980 rotics is hereby given that the second extraordinary general meeting of shareholders will be held at the registered office 41, Blvd. Royal Luxeenbourg, on May 19, 1986 at 5 p.m. with the following agends:

- Amendments of the articles 1, 2, 5, 8, 8, 12, 18, 19, 20, 21, 20, 25 of the Articles of Incorporation of the Company in order to conform them to the law of Merch 30, 1988, more specifically to insert the Investment policy and its restrictions such as authorised by the said law.

- Amendment of erticle 3 to be read as

Article 3.- The exclusive object of the Fund is to place the funds available to it in frantierable securities of companies registered outside the United States of America, primarily throughout the Abia Pacific Region with the purpose of spreading investment risk and attording its shursholders the benefit of the management of the Fund's portiolia. The Fund may take any measures and carry out any operations which it may deem useful to the accomplishment and development of its purpose to the All govern permitted by the tiew of 30th March, 1985, regarding collective investment undertakings.

- Cancellation of article 17,

There will be no quorum requirement and the resolutions will be passed by a susjectly of two thirds of the shareholders present or représented and voting at the meeting.

A shareholder entitled to attend and vote at the meeting may appoint a pray to effect and vote on his behalf and such proxy need not be a share-holder of the Fund. A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-tered office of the Company where a copy may be obtained.

By order of the Source of Directors

BOSTON LIQUIDITY

MANAGEMENT FUND, SICAY

41, Soulevard Royal Luxembourg R.C. Luxembourg 6 25,257 H.C. Limershoung & 25,237
Since no quorum as required by lewwas present at the second extraordinary meeting of shareholders on April
13, 1988, notice is hereby given that
the distracrdinary general meeting of
shareholders will be held at the regislared office 47. Boulevard Royal,
Luxembourg on May 18, 1989 at 4 p.m.
with the following agenda:

- Amendments of the articles 1, 2, 5, 8, 9, 12, 18, 19, 20, 21, 23, 24, 26 of the Articles of Incorporation of the Company in order to condum them to the law of March 30, 1989, more specifically to Insert the Investment policy and its restrictions such as authorised by the said law.

- Assendment of article 3 to be read as lollows:

Article 3: The exclusive object of the Frand is to place the frands available to it in money market instruments and short deted bonds with the purpose of spreading investment risk and attording its shareholders the results of the management of the Fund's portfolio. The fund may take any measures and carry out any operations which it may deed useful in the accomplishment and development of its purpose to the full statest permitted by the law of laterth 30, 1998, regarding collective investment undertaitings.

There will be no quarum requirement and the resolutions will be passed by a majority of two thirds of the sharehold-ers greent or represented and voting at the meeting.

A shareholder entitled to ettend and vote at the meeting may appoint a proxy to attend and vote on his behalf and study proxy need not be a share-holder of the Fund.

A copy of the new version of the pro-posed articles of incorporation is available for inspection at the regis-tered office of the Company where a copy may be obtained. By order of the Sound of Directors.

Trade Fairs and Exhibitions: UK

April 17-21 International Maritime Exhibition - EXPOSHIP LONDON

(0206 45121) Barbican Contre Energy Exhibition (0895 421111) The London International Fur-niture Show (01-570 8215)

April 25-27 British Electronics Week (9799 May 19-21 2669) April 29-May 1

National Classic Motor Show NBC, Birmingham May 7-8 British Craft Trade Fair (0382

Overseas Exhibitions

Great April Fair (Milan 4997 298) (until April 23) Office Equipment, Data Processing & Software Exhibition SICOB (01-225 5566)

April 25-29 Office and Communications Technology .. Exhibition IFABO (01-977 3474)

June 19-23

May 23-26

April 18-19 American Tax Institute: Euro-American mergers and acquisitions, a US tax update (01-935 7502)

Portman Hotel, London April 25-26 Acquisitions Monthly: Buying and selling unquoted compa-nies (01-823 8740)

FT Conferences: World electronics – Europe's role in an international industry (01-925

April 26-27 CBI Employee Relocation

April 27-28 Cahiers de droit européen: Towards an internal market of financial services - banks,

Hudson Research Interna-tional: Europe 1992; Insiders versus outsiders? (Paris (331) 45 55 02 13)

FT Conferences: World rail — Service and profit (01-925 2323) Hotel Inter-Continental,

Gouldens/Institute of Directors: The life and death of a company (01-583 7777) 116 Pall Mall, London May 22

International Business Communications: Offshore funds - a time of change (01-236 4080) City Conference Centre, Lon-

May 8-10 Scottish Electronics Technology Group: European financial self-service conference and exhibition (0292 313203)

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there have been no
- changes to the details published

FINANCIAL TIMES CONFERENCES

WORLD ELECTRONICS

London, 26 & 27 April 1989 To be held in a period of major restructuring and relentless international competition, the Financial Times

theme Europe's role in an international industry. Contributors include Frans Andriessen, Vice President, Commission of the European Communities; Gerrit Jeelof, NV Philip's Gloeilampenfabrieken; Vittorio Cassoni, Ing C Olivetti & C SpA; Jean Caillot, Chairman of the French Electronics Industries; Jacques Noels, Nokia Consumer Electronics International SA and Hans

eleventh World Electronics conference will take as its

Gissel of AEG Aktiengesellschaft. **CAPITAL MARKETS WORKSHOPS**

London, 8 - 10 May and 26 - 28 June 1989 In 1988 the Financial Times and Price Waterhouse joined forces to arrange a highly popular series of capital markets workshops. The Workshops provide intensive training for small numbers of individuals and a further two are planned this Spring. The programme provides detailed coverage, supported by case studies of capital markets activities, ranging from underlying concepts through the specific markets and instruments, to practical guidance on key aspects of management and control of the business including operations, risk management and performance measurement.

EUROPEAN BANKING CONFERENCE Venice, 15 & 16 May 1989

Two years ago the Financial Times arranged a highly successful European Banking Forum in Milan. On May 15 and 16 the FT returns to Italy for a further meeting in this series, which will be co-sponsored by La Stampa and ABI - the Italian Bankers' Association. Another excellent group of Italian speakers has accepted our invitation to participate and the contributors from the rest of Europe and from the United States cover a wider range of subjects than was the case in 1987. Banking in the Single European Market Is one of the principle themes at this year's Forum.

The conference will be chaired by Win Bischoff. Chairman of Schroders and Professor Mario Monti from Bocconi University and speakers will include: Professor Giuliano Amato, the Italian Treasury Minister; Jean-Yves Haberer of Crédit Lyonnais; Anthony Solomon of S G Warburg Inc; Hans-Jörg Rudloff of CSFB; Emilio Botin of Banco Santander; Geoffrey Flichew, Head of DG XV In Brussels; Sergio Pininfarina of Confindustria; Francesco Paolo Mattioli of Fiat: Professor Norbert Walter of Deutsche Bank; Robin Hutton of the British Merchant Banking and Securities Houses Association and Samuel Brittan from the Financial Times.

All enquiries should be addressed to: Financial Times Conference Organisation, 126 Jermyn Street, London SWTY 4UJ Tel: 01-925 2323 (24-hour answering service)

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Scottish Money Show (01-940 Barls Court 2244)
Exhibition Centre, Glasgow

Exhibition Centre, Harro-

NEC, Birmingham

Olympia including Other Business Opportunities (01-727 1929)

May 23-26 Cheisea Flower Show (01-834 4333) Royal Hospital, Chelsea

May 13-17 International Automobile Show (01-879 0765)

MASIA (01-486 1951) Singapore International Wine, Spirits & Equipment Exhibition - VINI-TECH-VINEXPO (01-225 5566)

Hotel Inter-Continental,

Cafe Royal, London

Hilton Hotel, London

Brussels

FT Conferences: European

Centre for European Policy

Studies: Business policy semi-

nar - Energy policy options for the European Community

banking (01-925 2223)

May 18

((32.2)513.40.88)

1989 (01-236 4080)

Asian International Chemical

and Process Enginerring Exhi-bition and Conference - CHE-

Business and management conferences

May 9-10 FT Conferences: Transport links with the Continent - collaboration to meet the challenges of future growth (01-925

May 10-11 International Business Com-Le Meridien Hotel, London munications: International money and capital markets April 26-27

May 12 Hawksmere: The Companies Hotel Inter-Continental, Bill (01-824 8257) London May 15-16

Council: Managing relocation -conference and exhibition (01-379 7400) Crest Hotel, Coventry

insurance companies, securi-ties (02/647.07.40) April 27-28 ·

Sheraton Park Tower, London

The Textile Institute: International forum (061 884 8457) Harrogate Sheraton Hotel, Edinburgh

LEGAL COLUMN

Solicitors briefed on crucial role of training

AS SOLICITORS come to terms with the new competitive world facing them in the 1990s. how much attention do they pay to the crucial role of train-ing and education of existing staff? Increasingly, the answer seems to be that more and more top firms of lawyers are recognising training and devel-opment as a vital part of prac-

However, training in firms of solicitors does not now merely involve keeping solicitors up-to-date with what is going on in the legal world but also includes extra emphasis on marketing Special courses, for example, are being introduced increasingly in communication skills, stress management, pre-sentation techniques and other marketing methods.

Mr John Pickering, a staff partner at the Sheffield firm of îrwin Mitchell, said: "We recognise the importance of training and education in light of the challenges of a highly competi-tive legal profession. We have already developed our own training programme and sought external advice on its future modification and imple-

mentation."
There appear to be three main routes through which legal firms provide for their training needs.

Firstly, through the use of a full time in-house training and education officer who has total responsibility for all the training needs of the firm.
Mr Ian Cooper, of the Leedsbased specialist marketing consultancy Ian Cooper Communi-cations, said: "It is my understanding that there is almost a professional body now of training and education officers working in solicitors' practices and the demand for such indi-viduals outstrips the supply."

'Client education is likely to assume even greater importance in the 1990s'

Secondly, through training being provided by one individual to a group of firms. Mr Robert Neville, partner in the City firm of Kingsford Dorman & Routh Stacey, said: "We have considered the training issue within the firm and decided that it was not cost effective to appoint a training effective to appoint a training officer on our own — but we may possibly do so as a joint venture with other legal-firms."

Thirdly, more and more firms are looking to use exter-nal specialist training organisations for various training

Mr Donald Thompson, the partner responsible for training and education at West Country solicitors Stephen & Scown, said: "We recently supplemented our in house training by bringing in a specialist consultancy to improve our fee earners' marketing and com-

munication skills."
Mr Martin Edwards, a partner in Liverpool and Manches-ter-based Mace & Jones pointed out that "any member of our staff who attends a lecture or seminar is asked to give an in-house presentation on the subject afterwards to his or her

department."

He added: "This is not only a useful aid to learning and a way of spreading knowledge throughout the firm but also effective in developing vital communication skills."

One legal firm which has embraced the training function is Hammond Suddards from Leeds. The firm has employed Mr Ian Austin as a full-time training officer and he sees his role as not only covering inter-nal training but also client education. He said: "Client education is

likely to assume even greater importance in the 1990s. A knowledgeable client will gen-ninely feel better disposed to his or her lawyers."

NOW THAT more than half of the current intake of solicitors are women - many of whom

practise in country areas and as sole practitioners to be near their families - the views of the Association of Women

bership, said that a new com-plaints board should be a "true

consumer body" with the

The way forward is

which is independent

of the Law Society'

power to compensate a complainant (up to a limit of \$2,000) for the consequences of professional misconduct, inade-

quate services, or administra-tive incompetence.

Ms Jean Horsham, chairman

of the committee, said that the

present complaints bureau was only a half-way house. "The

way forward is through a com-

plaints board which is indepen-dent of the Law Society. Its

function would be to investi-

complaints board

through a

The association, not surprisingly, is concerned at the effect of the proposed reforms of the legal profession outlined by the Lord Chancellor in three green papers earlier this year.

Solicitors are even more rele-

in particular, the association is worried about the impact of the reforms on general prac-tice, particularly in rural areas. It said: "We would question whether there would be enough lawyers to provide the specialist services envisaged in such areas."

The association believes that

The association believes that "there is a dichotomy between the Government's espousal of the cause of small businesses and the likely effect of the green paper reforms which would be to cut down the scope for the general legal practitioner, for whom specialisation may be inappropriate, to continue working on his or her own or in a small practice."

It stressed that the public image of lawyers is not a good image of lawyers is not a good-one but pointed out that their service was farther-reaching

than usually imagined by the general public. It said: "Tais is particularly reflected in the sonal service of conveyancing and, apart from the very real concern about conflict of

interest, we are worried that

lending institutions will not offer either a personal service or an independent one." gate complaints against solici-tors where there was some element of compensation involved whether by a reduction of fees or by a financial remedy beyond that."

beyond that."

She added: "This would be a true one-stop complaints handling, as all complaints about solicitors, including complaints about costs and charging, would be received and investigated by the new Board. A NEW independent, consum-er-orientated board to investi-gate complaints against solici-tors is called for by the investigation committee of the Solicitors Complaints Bureau. In its response to the green papers, the committee, which has a predominantly lay memgated by the new Board."

LAWYERS ACTING for the 15 victims of Legionnaires' Dis-ease at the BBC last year have agreed to co-ordinate their work in pursuit of compensation claims for their clients. All of the 15 victims were in hospital, some for more than

two months, as a result of con-tracting the disease.

Mr William O'Brien, a part-ner in the London firm of Rus-sell Jones & Walker which is sen Jones & Walker Which is co-ordinating the compensa-tion efforts, said: "There are great differences in the tactics being adopted by the BBC and its insurers with each solicitor acting for victims of the out-

He added: "By working together we can make certain that our clients are properly compensated for their suffering from a disease whose outbreak is known to have been caused by the cooling tower at Broadcasting House.

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MANAGEMENT

ver the past decade. International Thomson Organisation (ITO) has earned a well-deserved reputation for acquisitiveness. The Canadi-an-based diversified publishing and travel services group has made some 60 separate purchases since 1979 in US speciality publishing alone.

Less well-known is that the

company, which is shortly to be merged with Thomson Newspapers and renamed simply The Thomson Corporation, has become one of the most prolific creators of new products in the publishing industry. More than \$100m was spent on new product develop-ment in the last financial year about four times the 1985

figure.
Until recently, this expenditure was concentrated in the speciality publishing field, where Thomson's stable of titles ranges from the Jane's series of defence publications to Oncology and Biotechnology News. The decline of the UK print unions and subsequent re-equipment of the group's 120-strong quiver of UK regional newspapers has per-mitted a spate of product development in this area as well. The past year has seen the launch of three paid-for Sunday newspapers in Wales, Scot-land and Northern Ireland, and about a dozen free newspapers. A new daily newspaper is planned for Chester.

"We believe that as much growth as possible should be secured by creating product." says Michael Brown, 53, the spry Englishman who has been president of ITO since 1985. The basis of this conviction

is essentially twofold. First and foremost, there are the lofty multiples assigned by would-be buyers to established publications. "If a well-established evening newspaper were to become available, what would you pay for it in Britain?," Brown asks rhetorically. "Twenty, twenty-five times earnings? Thirty times? Isn't it so much better to pay the entry fee in a tax deductible form [development costs are tax deductible], accept the fact that there will be delays and cost over-runs, and that when you launch 12 papers two don't work so you write them off? Then look at what you have got in nine years' time."

Second is the opportunity to build overall market share particularly in fields where attractive acquisition targets are not readily identifiable. As Brown points out, a good proportion of the publications that will be at the head of the pack in the year 2000 have yet to be instilling the management culture necessary to foster the process in an organisation as in the year 2000 have yet to be



Michael Brown: expects people to take a "contained risk"

A committed creator

David Owen explains Thomson group's prolific rate of new publication launches

two very different matters.

This is particularly so when

the short shrift Brown gives to the so-called advantages of

synergies in the publishing industry have resulted in an exceptionally decentralised

corporate structure. Head

office staff for a group that had

revenues last year of \$3.7bn number just 40 people. Only

the very largest projects

require central approval.
As a result, many details of

strategy, such as the structur-

ing of executive pay packages and the manner in which areas

of potential opportunity are

pinpointed, vary greatly from division to division. Neverthe-less, Brown enumerates certain

guiding principles which together form a blueprint for

encouraging creative thinking throughout the organisation.

which mandate a given per-centage of a division's reve-

nues to be ploughed back into new product development. Managers who fall behind bud-

get are pestered remorselessly.

still not spending enough on new product," says Brown,

and the chief executives know

because I am bugging them the

Second, new product ideas

Some of our companies are

First, annual targets are set

conceived and created. "If we have, say, a 10 per cent market share of current product why should we only have 10 per cent of new product?" he asks. "Why shouldn't we have 50 per cent? And if we do have 50 per cent, by definition, we then pull up our overall market

share dramatically."

A third subsidiary reason for this emphasis on new product development at Thomson is simply that it makes senior executives' lives more interesting. "It's boring running a company that is standing still," observes Nigel Harrison, ITO's vice president-finance. It should be added that the Thomson companies can afford the luxury of making mistakes in a way that many of their competitors cannot, since they are family-controlled (by the second Lord Thomson of Fleet) and hence immune from hostile takeover. "If one of our major new projects fails," says Brown, "we will have egg all over our faces; I will look a fool. But no predator is going to take us over."

Recognising the benefits of new product development and

through and researched, and should amount to more than idle speculation. "We expect people to take what we call a 'contained risk'," says Brown. Third, if the project is not deemed as having been unduly speculative, there is no recrimination or court martial should it fail, as some inevitably do. "People need to know that their neck is not on the line just because they have a fail-ure," says Harrison. "Once peo-

should be well thought

that, they have been prepared to step out and take risks." Fourth, when buying compa-nies from publishing entrepre-neurs. ITO takes pains to retain the services of those individuals - and to provide financial incentives for them to continue to create new product. In a number of cases, further payments are made based on based on future levels of profitability and/or revenues. This is pitched at a level that can only be attained by devel-

ple have really understood

oping new products.

Finally, when it comes to
new product, the group is wary
of cutting corners on cost. "We provide ample funds for all organic development and cush-ions as well," says Brown. "If you ask people who have founded publications why they did it, they say I was with the XYZ Corporation and I had this idea but they wouldn't

Support me'."

By hammering away at these principles, Brown and Harrison believe that they are close to institutionalising the process of new product development at ITO. "It is tough to get the mindset going if it is not already there, but once you get it going, it is almost self-fulfil-ing," they say. "We have new product development depart-ments that are staffed full-time by editors who do nothing else but create new product." They are also finding, they say, that the reputation for development which the group is starting to acquire is helping them to

attract scarce creative talent. If the dauntingly energetic Brown has any regrets about the group's development policy during his four years at the helm, it is that it has not been adventurous enough. It is only recently that high-risk ventures such as the regional Sun-day newspapers in the UK and the launch of ILX - a new electronic delivery systems prod-uct aimed at the financial services industry - have been readily undertaken. The extension of families of books and newsletters - a process which Brown describes as "almost a no-brainer" - had previously

been the order of the day.

Management abstracts

Recapturing the ultimate weapon: quality. J R Houghton in Directors & Boards (US),

Summer 88 (3 pages).

An address by the chairman and CEO of Corning Glass Works explaining his organisation's decision to fight Japanese competition by attention to total quality. Summarises steps taken and results achieved; among the former is training shop floor workers in basic statistics.

The camera-ready executive. J. Stuller in Across the Board (US), Oct 88 (10 pages).
Contends that a powerful photograph of the CEO can work wonders for an annual report, by reflecting the company's leadership, direction and contends a leaf contends a and goals - but only if the CEO, his/her staff, and the report designer work together and agree precisely on what they want the picture to say. Backs up the argument anec-dotally and pictorially.

The two best customers in the world. D V Potter in Business Horizous (US), Sept/Oct 88 (4

Advises chief executive offi-cers to use the "two best consultants in the world": customers and competitors. Customers, through their buying decisions, advise on value and price; competitors express views on costs through relative profitability, measured by return on investment. Cites numerous examples to drive home the point.

Negotiating with a customer you can't afford to lose. T C Keiser in Harvard Business Review (US), Nov/Dec 88 (4

Contends that the best response to aggressive but important customers is a kind of assertive pacifism rather than joining battle, leaving the field, or compromising. So, what's the difference? Summed up, assertive pacifism means refusing to fight or cave in, but duck, dodge, parry and keep opening new doors to try to draw the customer into a creative partnership to find a solution. For these negotia-tions, puts forward eight key strategies, such as keep track of the issues (saving the hardest until last), start high and concede low, and don't suc cumb to emotional blackmail.

These abstracts are conceined from a abstracting journals published by Aob-Management Publications. Licensed cook of the original articles reay be obtained at east of CA each fluckyling VAT and p+ cash with order) from Anhar, PO Box 2 Weathey HAS SOL.

Chief executives

A very determined breed

Michael Skapinker on the characteristics of top managers

A re British chief execu-tives a breed apart? What distingulahes them from directors who pever quite make it to the top?
Some researchers think they have found at least one of the answers: high achievers are more likely to be eldest or only children. But David Norbun, director of the Imperial College Management School, says his own research suggests that position in the family is of little importance.

The factors which do seem to affect directors' chances of becoming chief executive, he says, include place of birth, education and the number of positions they have held in the

same company.

The purpose of Norburn's research was to test the hypothesis that chief executives have different characteristics from the other members of the top management team. Previous research led him to believe that chief executives might differ from other senior

Backgrounds

He thought that they might have different corporate back-grounds from their top then agement team - that they might have done different jobs or held different positions. Second, he thought that chief executives and other members of the senior management group might see themselves differently. His third hypothesis was that chief executives would have different personal and educational backgrounds from those of the other direc-

To carry out the research Norburn wrote to the chief executives of 450 of Britain's leading companies asking whether they would partici-pate along with the three execntive directors that they considered to be part of their top management town. A total of 108 chief executives responded, along with 319 executive directors.

On his first hypothesis that chief executives would have a different corporate background from that of the senior management team -Norburn found that they had been with their companies for longer than the other executive directors.

The chief accountives had worked for their companies for a mean period of 20.6 years, compared to the members of the top management team who had been with their organisations for 16.5 years. The chief executives had also worked for fewer corporations than the top management team - 2.5

as compared with 3.2. Neither of these two concinsions was very surprising. The picture they give of chief exec-utives, however, is of determined people who slowly and deliberately worked their way up through the organisational hierarchy. Their fellow direc-tors, one might conclude, had led more adventurous lives.

Norburn's other findings, however, tend to refute this view. For one thing, the chief executives had worked in a greater variety of managerial functions than the members of the top management team. Most chief executives had also

had an overseat posting. Moreover, the chief executives were more likely than the other directors to have run their own businesses before oining their present compa-

"Rather than being blinkered, the evidence indicates that the chief executive has received a multi-functional, international grooming — an exposure to a greater number of varied corporate altinations," Norburn says.

Were the chief executives more industrious than the

other members of the manage-ment team? Norburn found that they did work slightly longer hours: 53.8 hours a week, compared to the top management team who worked 49.3 hours a week. They also spent a greater num-ber of nights away from home on company business. They did not, however, take shorter holidays than the other direc-

On his second hypothesis . that chief executives would have a different self-perception from that of the senior management team - Norburn found that chief executives did see thomselves as more authoritarian managers. He asked all the respondents to asked all the respondents to rate their management siyle on a nine-point scale, with one being "completely dictatorial" and nine being completely

democratic". The median score for the chief executives was four. The score for the other members of the top memage-

ment fears was six. Unsurprisingly, the chief executives were more satisfied with their careers than the other directors. Given the chance to live their lives over again, the chief executives said that their causer choices would be the same. The other directors said that they would do things differently. Many said they had considered

self-employment as an alterna-tive to their existing jobs.
On the third hypothesis— that the personal and educa-tional background of the chief executives would be different from those of the scalor direc-tors — Norburn found that position in the family and parents' marital status were of lit-

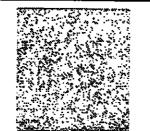
tle importance.

A more significant factor was where the executives had grown up. The top manage-ment team tended to come from Scotland, Wales and northern England. The largest proportion of chief executives - 35 per cent :- came from London. As many as 17 per cent of the chief executives grew up outside the UK, usu-ally in some part of the old British Empire.

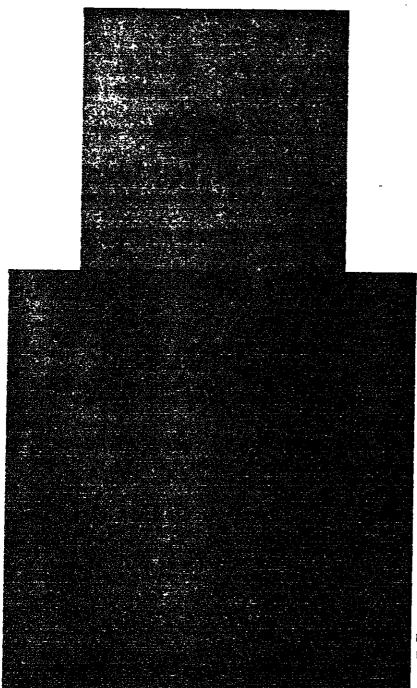
Education

The chief executives also had different educational backgrounds from the top management team. Despite the current government denigra-tion of arts degrees, Norburn found that a liberal arts education was more likely to get a manager to the top than a sci-executives who tended to have arts degrees; their subordinates were the ones with science degrees.

"The major unifying characteristic which distinguishes the chief executive is exposure to multiple experiences," Nor-burn says. "In early childhood, the challenge of an urban cos-mopolitan or colonial infra-structure. In education, cere-bral development of a more general nature by an arts first egree. At the time of occupational entry, rapid exposure to different functions, followed by international commercial



whole time."



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The 1979 Horses of San Marco exhibition at the Royal Academy

Design for looking

Colin Amery on the work of Alan Irvine

about buildings: a sense of design and an understanding of spatial complexity equips an architect to design almost any-thing. Anyway, that is the theory. It is certainly borne out in an intriguing display of the work of the English architect, Alan Irvine, currently on show in London at the Royal Institute of British Architects Heinz Gallery, Portman Square, London, until May 19.

Although Irvine trained as an architect in London in the 1940s, and studied design at the Royal College of Art. His "design roots" go back to a period in Milan when he met and worked with some of the Italian modern masters -Franco Albini, Ignazio Gardella and especially Carlo Scarpa. Irvine brought back to England a level of refined modern design rare at the time. The home grown Festival of Britain spirit of contemporary design had a certain spiky energy, but it lacked Italian designers' logical sophistication. Irvine's London practice succeeded in bringing a new sense of aesthetic discipline to the world of exhibition display and interior design.

The Heinz Gallery exhibition

offers an unusual opportunity to see a display of an architect's work in a room designed by the architect himself. The Heinz Gallery, in an 18th-century house in Portman Square, London, was the gift of Jack and Drue Heinz to the RIBA in 1972. It was to provide a cahinet for the changing display of the finest drawings of the RIBA Collection. Irvine inserted a modern room with carefully controlled lighting that is elegant and simple, with overtones of the style of Carlo Scarpa in its beautifully designed ebony trellis screens. Has it dated? Is it just a period piece today? I think that moment of modern architecture, but because its propor-tions and materials are so good it has a lasting elegance. It is fascinating to see the original small model of the room in the

the room itself.

Here in this room are the seminal exhibitions: The Mellon Collection of British paintings at the Royal Academy (1969); The Age of Charles I (1972) at the Tate; and Pompeli AD 79 (1976); The Gold of El Dorado (1978); The Horses of San Marco (1979); The Great Japan Exhibition (1981); The Genius of Venice (1983) all held at the Royal Academy. It is interesting to speculate how much one recalls of the design of these exhibitions and it is to Irvine's immense credit that the memory is one of orderly, clear presentation that did lit-erally "present" the objects to the spectator.

There is an interesting quotation in the catalogue from Sir John Pope Hennessy when he speaks of "the intuition about objects that is indispensabout objects that is indispensable if you are to operate in the museum field — you cannot help others to look unless you yourself can see." Irvine has this intuition, helped, I am sure, by the fact that he is himself a collector who has made. self a collector who has made some brilliant finds. He loves objects and enjoys them histor-ically and aesthetically. Irvine has had to cope with

the whims and ambitions of art historians and curators. Often he will describe these struggles over their inability to get beyond the intricacies of conservation or chronology. The display of works of art in . of scholarship and visual sensitivity. The display of any work of art must have an aesthetic objective. This has so often been forgotten in our great national collections, where the works of some of the finest cre-

rchitecture is not just it has the style of a certain, ative spirits lurk in curatorial dimess. How sad, for example, that Sir Roy Strong decided not to implement Irvine's imaginative scheme for the V&A's Indian collections, shown in this exhibition.

Display can, of course, become an end in itself, But Irvine has mounted a display of magnificent reticence which also offers an intelligent analysis of how a designer works. I would have liked to see more of his own drawings and models - more of the process that leads to the infinitely polished final result.

There are plenty of perma-nent opportunities to cast a critical eye over Mr Irvine's work. He made the setting for the Crown Jewels in the Tower of London and designed the Treasuries at Winchester Cathedral and Christ Church, Oxford. Most recently Irvine has been responsible for the re-ordering of some of the gal-leries of the National Maritime leries of the National Maritime Museum at Greenwich; he has certainly banished the former municipal quality of indifferent display and, in the beautiful gallery devoted to the 17th and 18th century ship models, he has achieved a tour de force. The models seem to be suspended above a permanently calm blue sea, sailing in an eternal Spithead review.

irvine has also worked on ouses and office interiors the directors of J . Henry Schroeder Wagg and Company commissioned a very fine inte-rior in their City offices in 1966 which is still extremely pleas-

Olivettie has sponsored many important exhibitions and Irvine has designed several of them. Glass of the Caesars at the British Museum was one of the most recent, and Olivetti are behind the Drawings of Michaelangelo which Irvine is designing this Spring at the Louvre.

Orpheus in the Underworld QUEEN ELIZABETH HALL

It must be a relief for the Chancellor to know that there is one thing the British seem unable to import. Although the operettas of Offenbach have regularly been mounted in this country in productions of every shape and size, the cru-cial ingredient of which they are always deprived is a genu-ine whist of Gallic wit and ele-gance from across the Chamel. As a rule, the most enterthose which least try to be funny. Nobody who has seen English National Opera's hurid show will need to be told what the outcome can be when that sort of overkill is visited upon the work and it was a relief to . find that Travelling Opera had managed to hold off compara-ble horrors, at least until their

Queen Elizabeth Hall for a single performance on Thursday. As travelling is their business, there was little in the way of vienal adornment (mercifully, one might say, after what happens up the road) and the score was played in an attractive small-scale arrangement. A bout of salmonella had laid low the cello section and the orchestra was reduced to eight

presumably from nine. What kept the show as a whole from capitalising on its musical lightness was the final uncertainty as to what tone is right for Offenbach these days. In the scene with the gods on Olympus, it seemed that Peter Knapp's company had actually last act degenerated into a got it right. They certainly

ghastly melée of nightclub music and Irish jokes.

Their production reached the dancers and a Venus and Cupid who could do a can-can as well as any of the girls in

the chorus-line.
Once down into Hades, though, all the advantages were thrown away. The unsubtie jokes of John Styx lost the Offenbach thread and doubts also crept in over Knapp's own Pluto, a prestidigitateur with an accept borrowed from Inspector Clou-

Once again it seemed we had brought over a marvellous Gallic score and re-paid the debt by loading it with end-of-thepier humour, a balance of pay-ments that is going all the WYONE WAY.

Richard Fairman

Swan Lake

We might hope that at its 730th Opera House showing – for so the vulgar and expensive pro-gramme book identified Saturlay night's performance -Swan Lake would look more like a masterpiece than it does. The dance text is as near ideal as we dare hope in matter of authenticity. But it is so obfuscated by design and production knick-knacks in Act 1 — within a few minutes we have been treated to bustling peasants, obstreperous servants, a general in a mad hat, chaperones, arquebuses, trays of gobones, arquebuses, trays of gob-lets, merry cadets, and a legion of Royal Ballet dancers doing their very own vivacious thing that any sense of being in the presence of a work of art has been dispelled.

This is Ruritanian operetta, nor are we out of it for any length of time. If the company's administration would care to examine the divine simplicity of the Kirov staging, they might see the truth of the old theatrical adage that less is more, and that trusting a mas-terpiece is better than treating it like a Christmas tree to be adorned with the baubles of decoration and mannerism that so detract from this Swan Lake's very considerable

The performance marked Sylvie Guillem's debut as Odette/Odile with her new company. Of course Mile Guillem brings a prodigious natural dance gift to the role, and a still youthful allure. Technical problems seem not

to exist for her, and the most gripping moments of her interpretation resided in the some-times amazing command of physical resource which she displayed: a balance stagger-ingly held; the great sweep of limbs and the potent clarity of pose. But this was, during much of

the evening, a reading more valuable for its externals than for any inner logic or poetry. There were lovely things in her account of Odette's tragedy, not least the sureness of the dance's outlines, as there were in her exultantly brilliant Odile. But I was most touched by the comparative planissimo of her fourth act, whose resignation of spirit suggests that Mile Guillem can one day hecome a truly satisfying heroine in a classic, as she is in so much of her modern

Her Siegfried, Jonathan Cope, offered clear-cut and always powerful dancing, but a characterisation that still bears the Royal Ballet hallmark of small-scale incident as a substitute for a generous and through-composed reading. He still has to find a master plan

to the Prince's story.

With this presentation, the
Royal Ballet launches itself into a four-week marathon of 15 performances of Swan Lake. I do not recall a more unenterprising or commercially pre-dictable and depressing sched-ule in the company's history.

Clement Crisp

Philharmonia, Royal Philharmonic

A fourth encounter with the Philharmonia inside two weeks at last produced playing of the standard to be expected from one of London's leading orchestras. The conductor was Kurt Sanderling, and had he not been able to obtain maximum concentration and commitment, it would have been a sad state of affairs - few conductors on the international circuit set higher standards or imbue their performances with

a greater sense of purpose.
But real unanimity did not descend until the radiant account of Rakhmaninov's Second Symphony that completed Thursday's concert. In accompanying Eliso Virsaladze in Chaikovsky's First Piano Concerto Sanderling and the Philharmonia matched her steely aggression note for note, and between them man-

entirely from the proceedings. Had Miss Virsaladze been as severely correct in her technique as she was severe in her phrasing it might have passed as a formidable piece of pianistic aggression; but her playing was spotted with inaccuracies, and the effect rather less than

impressive.
The lyricism withheld from the Chaikovsky was allowed full rein in the symphony, and the Philharmonia blossomed in all departments, though the strings never quite lost their slightly brittle sheen.

In such potentially amorphous structures Sanderling is an ideal, clear-sighted guide. Each tempo was exactly judged, and it is rare for every one of Rakhmaninov's modula-tions to be given such archi-tectural point and purpose. Conventionally neglected details were realised with a definess that fitted them immaculately into the overall

scheme and each movement rounded out in a quite special

The natural climactic points - in the first-movement devel-opment (the whole section charged with dark-hued menace), the eruption of the fugato at the heart of the scherzo, and the efflorescence of the Adagio – were placed so pre-cisely, led into and away from with such certainty, that this symphony has seemed never so concise.

Sanderling naturally used the full text, observed the first-movement repeat, and did not waste a single bar. If only he would conduct this orchestra more often!

At the opposite end of London's current orchestral spectrum from the Philharmonia on this form and the London Rattle last week is the Royal Philharmonic. Its concert on Wednesday under Jean-Bernard Pommier was leaden and lackinstre, and even the appearance of Cécile Ousset in Ravel's G major Plano Concerto provided only token

sparkle.

Pommier is as solid and musicianly a conductor as he is a pianist; he attempts nothing that is vulgar and ostentatious, and coordinates all the ingredients efficiently. But the RPO clearly needs a quota of inspirational direction to enliven it, and that Pommier signally failed to provide in either Debussy's Nocturnes, which were thoroughly prowhich were thoroughly pro-saic, or Berlioz's Symphonic funiostique, where the music was allowed to meander quite purposelessly for most of the time. A thoroughly depressing

Andrew Clements



Low level panic

sad and penetrating variations for female trio to Hammer-smith following their premiere at the Royal Court's Theatre Upstairs last year. The 80-min-ute, three-hander of the solution of the property of the solution of the inine fantasies, fears and pho-bias almost casually, with neither special pleading nor

aggressive man-hating. The performances in Nancy Meck-ler's production are smashing. At first we seem to be in Sarah Daniels territory. Nervy, self-loathing Mary reads mindlessly gross pornography from a men's girlie magazine to glumly incredulous Jo as the latter wallows, melancholy, in the bath. The action unfolds in the three flat mates' shared bathroom, which enables Jo to bewail ber Rubens-like propor-tions. And which illuminates with brilliant economy the

The Women's Playhouse Trust character of cleanliness-ob-brings Clare McIntyre's funny, sessed Celia, whose fanaticism over personal daintiness is expressed in almost religious

> We leave the bathroom only when Mary relives her violent encounter with two yobs (male voices over the loudspeakers, the actress wheeling her bicy-cle in front of a darkened stage). Otherwise, it makes the perfect meeting place cum con-fessional for the three young women who, to varying degrees victims of male atti-tudes, find it equally hard to discount men. Mary quivers on the verge of

a breakdown. Celia's enamelled calm erupts into fastidious hysterics when confronted with a bath full of washing. Jo feels "enormous, ugly, a mess" and horror of horrors - "guffaws at parties." They go out in new finery, Jo earnestly

reassuring Mary "you don't look like a tart - you look French." Jo confides fantasies to a sceptical Mary; her rage and shrill incredulity when insufferable Celia brings a man home for the night are great to

Caroline Quentin's marvellous Jo is both rueful and opti-mistic, self-deluding and honest. Alaine Hickmott's Celia picks her exquisite, fluffy-slippered way across Lucy Weller's ever so slightly grotty bathroom set. Lorraine Brunning's Mary is new to the cast. The girls' realisation of themselves implies a shrugging acceptance of men - wimps, monsters, poor fat loners and all. The promise of this playwright's I've Been Running noted here three years ago, is steadily

Martin Hoyle

In The Talking Dark

ROYAL EXCHANGE, MANCHESTER

For a first play, Dolores Walshe's ingenuous attack on apartheid in South Africa is at best promising, at worst dire. The central dramatic proposition, echoing a novel of Sin-clair Lewis, is that by confronting the unsetting truth of your own unwelcome genealogy, you learn to appreciate the virtues of the underdog. Love is only skin deep. Mia Schuurman has been ten

years married into a white supremacist Afrikaaner farming family near Pretoria. One day, her radical sister-in-law, a member of the "Black Sash", turns up with a Cape Coloured lawyer who happens to be her, Mia's, father. He loved Mia's students in England and, as Mia was born white-skinned, condemned her to a life of privilege and plenty. The lawyer's son, Mia's brother, has been killed in township riots. This day is also the anniver-

sary of the Covenant, and Mia's stepson is seen celebrat-ing the Great Trek and the Boers' repulsion of the Zulus. Within a few minutes, Mia is rending her stockings and going nuts. When her real dad leaves the house, she jumps up and down on her own cushions in an attempt to eradicate his

buttock indentations.

It is a great tribute to
Frances Tomelty that she
makes all this nonsense sound
marginally plausible. She even manages to suggest that Mia's initial house-proud racism - she insists that servants dust with gloves on - is a false characteristic she can dispel when she stops living the lie of her skin colour. Taking the



Terence Wilton and Frances Tomelty

black spot on her lineage as a ludes with downtrodden "kaf-cue, she bares her breasts, fir" farm workers are like dons black silky underwear and daubs her face in black make-up.

While conceding the playwright's intention of dicussing rape and miscegenation in a florid manner, the effect is merely banal and insulting. When Mia slips the leash, you do not know whether this is because she cannot live with

herself or with others. When the play seems over, it trundles on for half hour more to document the grisly fate of Jenny Quayle's caricatured radical and the discomfiture of Wolfe Morris's vile grandfa-therly boss man, who has his own skeletons in the cupboard. Braham Murray's production fails to knock any of this into a coherent shape, and the inter-

palely embarrassing re-hashes of Athol Fugard, Norman Reaton plays the black father with a dignified servility that speaks, unfortunately, volumes, and Terence Wilton stomps elegantly around as the Afrikaaner farmer with an unexpected (and incredible) liberal inclination.

Miss Tomelty takes the gestural significance of the play to its limit, smearing black shades with white body cream, and mixing her Irish poetic gift with a harshly accurate Afrikaaner accent. But she cannot disguise the play's phoney triteness, nor its give-away obsession with dictionary

Michael Coveney

ARTS GUIDE

MUSIC

The Philharmonia conducted by Carlo Maria Giulini. Royal Festival Hall (Tue) (928 8900). Royal Philharmonic Orchestra conducted by Claus Peter Flor, conducted by Claus Frace Flor, with Peter Donohoe (pisno). Mosart, Beethoven, Dvorak. Royal Festival Hall (Wed) (928 8800). London Symphosy Orchestra conducted by Richard Hickor. Mendelssohn. Barbican Hall (Thur) (928 8801). (Thur) (838 8891).

Peris

London Symphony Orchestra conducted by Pierre Boulez, Brigitte Fassbaeuder, mezo-so-prano, Francisco Aratza, tenor: Schoenberg, Mahler Chatelet (Mon) (40282828). Engamble Orchestral de Paris conducted by Japan Makaomistic

Ensemble Orchestral de Paris conducted by Jerzy Maksymiuk, Jean-Yves Thibandet (piano). Haydn, Mendelssohn, Prokoflev. Salle Gavean (Tue) (45632030). Heana Cotrubes, soprano recital.
Chatelet (Tue) (4022222).
Shirley Verrett (soprano). Schumann, J. Nin, S. Berber, Verdi.
Thésire des Champs Elysees (Wed) (47203637).

Orchestre de Paris conducted by Kent Negano, with Cho Liang Lin, (violin), Strevinsky, Mosart.

h, Ravel (Wed, Thur) Salle-Pleyel (45630796). Orchestre National conducted by L. Maazel: Debussy, Stravin-sky. Theatre des Champs Elysees (Thur) (47203637). Ensemble Intercontemporate conducted by Pierre Boulez:

Ensemble Konirapunkte conducted by Peter Keuschig.
Schoenberg, Holloway, Milhaud.
Musikverein (Mon).
Wiener Kammerphilbarmonie
conducted by Claudius Traunfeliner. Purcell, Milhaud, Kigar,
Freed Prieters. Milhaud, Kigar, Eroed, Britten. Musikverein

Eroed, Britten. Musikverein (Tues). Irena Barbag-Drexler, piano recital. Chopin, Debussy, Liszt. Musikverein (Wed.) Wiener Simfonisches Kammeror chester conducted by Anton Grabmayer. Handel, Johann Strusss. Palais Palify (Thur).

Alfred Brendel (pigno) playing works of Brahms, Beethoven, Liszt and Mozart. Palais des Beaux Arts (Wed).

Rarlin Philharmonic Orchestra. Choeur de l'Orchestre de Paris and singers Waltraud Meier, David Rendall, John Tomlinson David Rendall, John Tomlinson Philippe Rouillon, conducted by Daniel Barenbolm, Berlion La Domnation de Faust, Philhar-monie (Mon).

Amsterdam Baroque Orchestra under Ton Koopman, with Wil-bert Hazelzet (traverso). Haydn, Royal Concertrehouw Orchestra abyst Concerteenaw Orthestra conducted by Riccardo Chailly, with Krystian Zimerman (plano). Wagenaar, Stravinsky, Bee-thoven (Wed to Fri), Concertge-

Litracht Netherlands Wind Ensemble conducted by Edo de Waart, with Leo van Oostrom (saxophone).
Andriessen, Hamburg, Van Keulen (Sun mainee, and Mon).
Amsterdam Baroque Orchestra
under Ton Koopman. Haydn, Mozart (Thur). Vredenburg (31

Rotterdam

Amsterdam Baroque Orchestra under Ton Koopman, with Wil-bert Hazelzet (traverso). Haydn, Mozart (Wed) Mozart (Wed)
Barry Tuckwell, horn, and Kelko
Suzuki, piano, playing Beethoven, Schumann, Koechlin,
Saint-Saens and Hindemith Teatro Chione, Via Delle Fornaci
22 (Thurs 52 22 204) 37 (Thur) 63.72.294.

New York

New York Philomusica couducted by Robert Johnson.
Haydn, Hindemith, Jacob Druckman, Saint-Saens, Schubert. Merkin Hall (Mon) (382 879).
National Orchestral Associates conducted by Jorge Mester with David Shiftin, clarinet. World premieres by Christopher James, Brian Fennelly, Martin Herman, Todd Bennett Levin. Carnegle Hall (Tue) (247 7800). Hall (Tue) (247 7800). New York Philhermonic conducted by Gunther Herbig with Alicia de Larrocha (piano). Haydin, Mozart, Tchaikovsky. Avery Fisher Hall (Tue) (874

6770). Philharmonia Virtuosi conducted by Richard Kapp with the Taghkanic Chorale. Mendelssohn programme. Town Hall (Tue). (842 1818).

Washington

National Symphony Orchestra conducted by Pinchas Zukerman. Mozart, Vivaldi. Kennedy Center Concert Hall (Tue) (254 3776) National Symphony Orchestra conducted by Mstislav Rostro-povich with Hakan Hagegard (baritone), Mendelssohn, Mahler, Sibelius. Kennedy Center Con-cert Hall (Thur) (254 8776).

April 14-20

Chicago Symphony Orchestra conducted by Michael Tilson Thomas with Emanuel Ax Inomas with amanusi Ax (piano), Ives, Brahms. Orchestra Hall (Tue) (435 0012). St Louis Symphony Orchestra conducted by Leonard Slatkin. Haydn, Ginastera, Copland. Orchestra Hall (Wed) (435 0012). Chicago Symphony Orchestra conducted by Neame Jarvi with James Galway (flute). Schubert, Corigiano. Orchestra Hall (Tue)

Tokye NHK Symphony Orchestra, con-

ducted by Kazufumi Yamashita. Takemitsu, Beethoven, Stravin-sky, NHK Hall, Shibuya (Wed, Thurs) (465 1781). Tokyo Philharmonic Orch Eva Lind (soprano) with the conducted by Miguel Gomez-Marti-nez. Rossini, Donizetti, Verdi, Bellini, Mayerbeer, Suntory Hall (Thurs) (505 1010). Ustad Amjad Ali Khan (sarod), Suntory Hall (Mon, Wed) (580

0031). 0031). Maurizio Pollini (piano). Beethoven, Brahms, Schoenberg, Stockhausen. Tokyo Bunka Kai-kan. (Wed) (289 999). Nicolal Gedda (tenor) with Takao Shiraishi (piano). Opera Arias, Shinjuku Bunka Centre (Wed) **SALEROOM** Small highlight

The highlight of the week is the auction of "Christ at the Column", a small, 12 inch by 8 inch, head of a suffering Christ attributed to the 15th century Italian artist Antonello da Mes-sina which comes up for sale at Christie's on Friday. It is the only work attributed to Antonello still in private hands (the Cook collection) and although the National Gallery already owns four it is a possible buyer. The picture carries an estimate of around £4m, making it potentially the most expensive Old Master to appear

in London for four years.

The top price at Sotheby's Old Master sale on Wednesday should be paid for a mature wooded river landscape by Salomon van Ruysdael, painted in 1661. It carries a top estimate of £200,000. Phillips has its big sale tomorrow and the star offering is a typically ebullient Flemish village scene by Pieter Brueghel the Younger (estimate up to £600,000).

There are also cheaper Old Masters on offer at Christie's South Kensington on Thursday and for real bargains there is Phillips in Marylebone regular Friday sale. The experts will have cast an eye looking for any "sleepers" among these mainly three-figure canvases but gifted amateurs might chance their arm. All the auc-tions present the opportunity to choose from a thousand Old Masters at what, in time, will surely seem to be bargain

prices. There are also Old Master drawings at Christie's tomor-row and Old Master, and later, prints at Sotheby's on Thursday. Among the drawings are some rare gouaches by Jacopo Ligozzi of Turkish costumes, painted around 1570 in Florence. Twenty one drawings from the same series are in the Uffizi museum in that city, an excellent provenance account-ing for estimates of up to

220,000 each.
Among Sotheby's prints are
28 lots from the coaching prints by, or after, James Pol-lard, the most famous coaching artist of the early 19th century. Estimates for these rare early impressions range between £1,000 and £9,000.

A tiny walrus ivory panel of St Peter, less than 2 inches square, which turned up recently at a minor antiques fair in Sussex, should make up to £12,000 at Sotheby's on Thursday. It is probably from an early 12th century French

portable altar.
In contrast, in the same sale, a white marble bust of Louis XV's mistress Madame du Barry, by Gois, should easily top £100,000.

Antony Thorncroft



FINANCIAL TIMES

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Monday April 17 1989

Cleaner car technology

THE BRITISH Government made a political mistake when it chose to espouse lean-burn engine technology in preference to the installation of three-way catalytic converters on all motor cars. Its stance has been overtaken by the environmental tide sweeping across Western Europe, which manifested itself last week in the overwhelming vote by the European Parliament for a further substantial reduction in the permitted levels of exhaust

From January 1 1993 all cars, including small cars of less than 1.4 litres, would have to meet exhaust emission stan-dards directly equivalent with US levels - unless last week's vote is overturned by the Council of Ministers.

The intentions of the Council as agreed last November in their majority decision in favour of less tough standards have been brusquely turned aside by the European Commission and a European Parliament enjoying added powers acquired under the Single European Act. Strasbourg is reflecting the environmental sentiment, which is growing anace in most European countries, including Britain and

It is easy to understand the Government's mistake. Leanburn meets current emission standards and for small cars would have met the standards agreed by EC ministers last November. The route is technically appealing, since engines can be designed in the first place to produce fewer noxious emissions, whereas catalytic converter technology treats the emissions produced by less-efficient engines. The emissions efficiency of a lean-burn engine does not change over the life of the vehicle. It is not a costly add-on.

Preferable alternative

Its proponents say that it reduces emissions of carbon monoxide, hydrocarbons and nitrogen oxides by up to 75 per cent. This does not work when engines are run at greater than "half-load" - up steep hills, or at speed on motorways, but Mr Nicholas Ridley, Britain's Sec-retary of State for the Environment, has taken the view that the technology is preferable to the alternative of three-way catalytic converters.

Catalyst technology, applied in the US for nearly 15 years, is comparatively expensive to install, even during volume production. Autocatalysts typically reduce harmful emissions by 90 per cent and more, but the necessary sensitive moni-toring equipment does degrade over the lifetime of the car, and regular servicing is required. Converters do, however, work at speed and on hills. They are obligatory in Austria, Switzerland and Sweden: in Germany cars without them are subject to a tax pen-alty. The Dutch attempt to impose a similar penalty is running into opposition from the European Commission.

Single standard

In sum, those countries in which environmental considerations have come to the fore have chosen US standards. Catalytic converters are the only way of reaching such stan-dards. Since the emitted gases reach up into the global atmosphere, controlling them is of European-wide significance. This gives the force of both legitimacy and common-sense to the use of the EC mechanism for establishing a single agreed standard in Europe. It is ouite clear that lean-burn will not last as such a standard, whatever the outcome of the forthcoming round of arguments in Brussels.

Britain should therefore accept a move towards catalytic converters as the EC lations, rather than to a varied set, as at present. Markets that accept cars without converters are likely to shrink.

The Government naturally fears the political unpopularity that may arise from a decision which could increase the price of small motor cars, but the market would exert a downward pressure if all cars had to be sold with converters. Such a decision would also enable the Prime Minister to proclaim, once again, her faith in the purification of the atmosphere.

A response to Mr Shamir

WHEN THE Israeli Prime Minister talks, as he did during his recent visit to the US, about holding "free, demo-cratic elections" in the West Bank and Gaza Strip, Palestinians can be forgiven a certain degree of scepticism. But their leaders would be wise not to dismiss Mr Yitzhak Shamir's vague proposal out of hand. In the right circumstances, elections might serve as a preliminary step towards securing Palestinian political rights.

Mr Shamir's aim is to deflect the so far gentle suggestions of the Bush Administration that Israel might eventually have to talk to the Palestine Liberation Organisation. Nothing could be better calculated to appeal to a US audience than the idea of democratic elections in which the inhabitants of the occupied territories choose a delegation for talks with Israel on Pales-tinian self-rule. With that, and an impression of flexibility over the final status of the territories, the Prime Minister has

bought himself time.
The problems lie in the fine print. First, Mr Shamir has indicated that elections could not be held while the uprising in the occupied territories con-tinues. Yet in the face of American pressure for confidencebuilding measures by both sides, he refuses to modify Israeli handling of the uprising. Palestinians are thus entitled to feel that they are being pressed to abandon their *inti-*fada with little in return.

More clarity

Second, much more clarity is needed about the purpose of the exercise. When West Bankers and Gazans are asked who they would like to represent them in eventual negotiations with Israel, they invariably point to the PLO. They are bound to see Mr Shamir's plan as the latest in a long line of Israeli attempts to create an alternative local leadership, divided from the Palestinian diaspora. Their confidence is scarcely enhanced by memories of the last municipal elec-tions in the territories, in 1976. The pro-PLO mayors elected were subsequently dismissed. deported or subject to attack

by Israeli extremists.
Third, Palestinian leaders

wonder where the process would lead. Mr Shamir says the initial goal would be "an interim period of self-governing administration . . . followed by negotiations for a permanent agreement." The worry is that the link between the two will not be sufficiently solid, and that Israeli proposals for limited Palestinian auton-

omy - rather than Israeli

withdrawal from occupied ter-

ritory - would turn out to be the end of the road.

Conducive climate

To acknowledge these difficulties, however, is not to agree with the PLO's claim that elections under the Israeli occupation are a waste of time. It would not be impossible to create a climate more conducive to a democratic vote - if, for example, Israel were to pull back its troops from population centres, and the Palestinians were provisionally to tone down violent protests.

Without such tentative steps, it is hard to see how a negotiation might begin. The Israelis are certainly not going to fulfil the Palestinians' pipe-dream that they withdraw first in order to allow elections under UN supervision. Although Israel will have to talk directly to the PLO at some stage if it is to secure a settlement, it will probably do so only at the end of a long and gradual process.

It is here that the significance of Mr Shamir's election proposal may lie. The Israeli leader has quietly acknowl-edged that Palestinians chosen in a future election may well "sympathise" with the PLO, and that he would deal with them none the less. That is an advance on his customary contention that the PLO is a politi-

cal irrelevance. If they are to make a constructive response to Mr Shamir's proposal, the Pales-tinians need two things: an arrangement for some form of international supervision to prevent a re-run of the events of 1976-80; and a solemn assur-ance from the US that the final objective is an exchange of Israeli-occupied territory for peace. Anything less will simply lead negotiators on both sides up a cul-de-sac.

here is as great a feeling of apprehension as of expecta-tion among the major political parties as they prepare for the county council elections in England and Wales on May 4. Poten-

tially, they all have a great deal to lose and probably not a lot to gain. Hence the modest targets which party leaders have set themselves. Mr Peter Brooke, Conservative Party chairman, says he is "quietly confi-dent" of making gains; Mr Jack Cun-ningham, shadow environment secretary, talks of Labour consolidating its position; and Mr Paddy Ashdown forecasts that the Democrats hope to lose no more than 100 seats.

The outcome is difficult to predict for a number of reasons. The centre ground of politics is fluid because the former Alliance parties are an uncer-tain force; the Government faces a number of economic difficulties; and Labour has not taken a substantial lead in the mid-term opinion polls.

Most relevant of all, a majority of

the contests are unusually evenly balanced, with only a minority of the county councils under the firm con-trol of one party. A few changed seats in key councils could make a signifi-cant difference to the outcome.

The elections are being held in all

39 county councils in England where 3,005 seats are being fought, and in all eight county councils in Wales, where there are 560 seats. There are no elec-tions in Scotland, in Greater London, or in the metropolitan or shire dis tricts, although up to 100 local by-elec-tions are expected to take place on the same day as well as the parliamentary by-election in the Vale of Glamorgan County elections were last fought in 1985 and it is the results then that

make forecasting the present contest so hard. They were held in the days of the old Alliance between the Liberals and the Social Democrat Party, and the results ushered in the era of the "hung" or, as the Alliance preferred, the "balanced" council. Prior to 1985, the Conservatives

regarded the counties as their politi-cal bedrock. The Tories controlled 21 councils, Labour 10 and the Alliance one. In seven there was no overall control, although the Conservatives had a say in running most of them. and in one, Independents held a majority of seats.

The Conservatives lost overall con-

trol of 11 councils and Labour lost five. The total number of councils in which no single party had an overall majority rose to 23. The Tories formed norm. It would then be in a nine minority administrations, good position to lobby in Labour six and the Alliance five, and favour of the least costly time-table for the introduction of more of the parties shared responsibilthe new regulations. British motor manufacturers would be Since 1985, by-elections and shifting better placed to compete in arrangements between parties have continental European markets altered this slightly, but the pattern if they were to manufacture to a single common book of regunatorities and precarious alliances. Research shows that how the hung councils are run, and their popularity

with ratepayers varies greatly. In some counties, political partisanship is low and a loose coalition has readily emerged, often ending politi-cal extremism. In others, the two parties - at a time when Conserva-

Much to lose and not a lot to gain

In the first of a series, Richard Evans examines the hopes pinned on county council elections in England and Wales

major parties have sought to exclude Alliance parties and regard anything other than majority rule as freakish and unsatisfactory, giving too much influence to small parties. The counties have thus proved to

be the most lively test for coalition government in recent years, following the 1985 loss of 199 Tory and 227 Labour seats, mirrored by Alliance gains of over 450.

The key question next month is how flaky the old Alliance vote will be. In practice this means the vote for Mr Ashdown's Democrats, who provide the majority of former Alliance councillors. They are defending 619 seats compared with the SDP's 31, but are currently down to a rating of around 9 per cent in the opinion polls. compared with the heady 28 per cent share of the vote in 1985. This could be deceptive, however, as the old Liberal Party and the Alliance invariably did much better in local elections and by elections than the polls forecast. There is also evidence that many voters like the outcome of hung elections, which the centre parties have

always been keen to make effective. Initially, the Democrats predicted that around 200 seats could be lost but the present estimate, perhaps to boost morale, is that the loss of 100 seats could be a good result. The party will be particularly anxious to hold the Isle of Wight, where it has already lost the parliamentary seat and one of the two district councils; to continue its minority administration in Gloucestershire, Wiltshire and Somerset; and to make inroads into the Independent vote in Cornwall.

The Owenite SDP is putting up 311 candidates in England and Wales and

will face contests with the Democrats in about 80 seats. Labour is in an equally difficult tac-

tive strength on the county councils is at a historically low level. It should therefore be easier for the Tories to make inroads at the expense of the centre parties than for Labour. Key counties for Labour are those where it might reasonably hope to regain single party power — such as Cumbria, Humberside, Lancashire and Northumberland. It could also hope to take overall control in Avon and Northumberland. thamptonshire but it is vulnerable in Cleveland, where the Conservatives could gain from the continuing con-

troversy over child sex abuse.

Normally, in the mid-term of a Parliament it is the Government which would expect to be on the defensive, but because of the 1985 baseline, the Conservatives could be poised for a modest psychological triumph. Tory leaders, despite predictable public caution, are clearly hopeful that the continuing divisions in the centre parties, Labour's failure to take a commanding lead in the opinion polls, and the possibility of a national dock strike, will provide good results.

There are 20 councils in England in which the Conservatives need to gain fewer than 10 seats to take control. That, Mr Brooke concedes, presents Tory candidates with "a rich vein of opportunity." The party will expect to take stronger control of East Sussex and Hampshire where power now rests on the chairman's casting vote, and in countles like North Yorkshire and Essex where there are minority Conservative administrations.

Otherwise, the heaviest Tory fire will be concentrated on countles like Avon, Devon, Cambridgeshire, Cheshire, Hertfordshire, Somerset and Wiltshire where there is a strong Conservative minority presence but where the Democrats could be vulnerable. A specific humiliation in 1985 was that for the first time the Conservatives were toppled from control of the

County council elections Elections on May 4 for all 39 county councils in England, a total of 3,005 seats, and eight in Wales, with 560 seats. The present situation is: Conservative controlled (10) Berkshire, Buckinghamshire, Oorsel, Hereford and Wordestanshire, Kent, Lincolnshire, Nortolk, Suffolk, Surrey, West Sussex. Labour controlled (9) Cleveland, Derbyshire, Durham, Nottinghamshire, Stationshire, Gwent, Mid Glamorgan, South Glamorgan, West Glamorgan, Democrat controlled (1) Isle of Wight Minority Conservative administration (5) Essex, Leicosterables, Novin Yorkshire, East Sussex, Hampshire. Minority Labour administration (9) Bedfordshire, Cheshire, Cumbrie, Hertfordshire, Humberside, Lancashire, Oxfordshire, Sixopshire, Warwickshire. Minority Democrat administration (4) Gioucestershire, Somerset, Wiltshire, Cambridgeshin Minority Conservatives with Democrats (2) Northamptonshire, Northumberland, independents (5) Powys, Gwynedd, Dyfed, Clwyd, Cormell. No administration (2)

Association of County Councils. It will be regarded as a poor result for the party if the ACC is not recaptured in the Tories' centenary year. Another feature of the elections will be the remarkable effort by the Green Party, which is fielding 643 candidates

over twice as many as the SDP. The state of the parties and national political issues are certain to dominate the campaign, although other factors will be the perceived success or failure of the hung councils at grass roots level, and specific issues in specific areas like planning

developments in Kent. Labour believes the Government is vulnerable on the economy in general. on inflation and interest rates in particular, on water privatisation, and on the introduction next April of the community charge or poll tax. Mr Nicholas Ridley, Environment Secretary, disagrees. He has signalled that he intends to extol the benefits of the community charge and the second. community charge and the accountability it will bring compared with Labour's alternative of a combination of local income tax and a capital value property tax.

Whatever the merits of the argument, the poll tax should be a crucial issue. It will, after all, be the county councillors elected on May 4 who will set the community charge for its first three years — and the counties are responsible for 80 per cent of poll tax expenditure.

The series continues tomorrow.

On Mrs Thatcher's 10th anniversary, a test for Government and Opposition

aken in isolation, the political

stakes on May 4 may not seem particularly high. Neither Labour, which will find it hard to improve on its strong per-formance in 1985, nor the Tories, who hope for modest gains, are billing the county council elections as a decisive test of the public mood. From a wider perspective, however, the elections on the same day as Mrs Margaret Thatcher's 10th anniversary in office are more significant.
 For Labour, the next two months

are crucial in its quest to re-establish itself as a credible alternative government. So far, it has managed to draw level with the Conservatives in the

opinion polls, but Mr Neil Kinnock, the Labour leader, is aware that he should be doing much better. So the local elections will fall mid-

way through a Labour public relations campaign during which the ing lead. Launched last week under the slogan of "Meet the Challenge, Make the Change," this campaign is intended to demonstrate that Mr Kinnock has at last forged a set of poli-cies to win the confidence of the electorate. It will embrace the local elections, the Vale of Glamorgan by-election on the same day, the publication of the results of Labour's two-year policy review, and the Euro-

pean elections on June 15.

Arguably the Vale of Glamorgan will be the most important test. With the Conservatives defending a major-ity of just 6,000, it represents the first real chance this parliament for

in a by-election. But the local elections will also test the reaction to Labour's strategy of the reaction to Labour's strategy of turning itself into the party of the consumer, and the effectiveness of its attacks on a whole range of govern-ment policies. The poll tax, the qual-ity of local services such as transport and housing, and the planned reform of the National Health Service will all figure in its campaign.

The Government – and its back-bench supporters at Westminster – will also be watching the mood of voters in the counties. So far, the combination of rising

inflation and a widening trade gap has resulted in only a mild bout of jitters among Conservative MPs. Mrs Thatcher's insistence that the Government should press ahead with its programme has brought murmurs of dissent but no real threat of revolt. Still, the unease – over water privatisation, the NHS reforms, and the

effect of the poll tax as well as the economy — is there. A bad performance on May 4 would revive calls for a period of consolidation and for a

less indifferent approach to the public mood.

Sandwiched between the two main parties and languishing badly in the opinion polls, Mr Paddy Ashdown's Democrats will be hoping to restore credibility to their rather tattered claim to hold the balance of power. With his party contesting only a small proportion of seats — and after the dismal performance in the recent Richmond by-election — Mr Ashdown needs to demonstrate that the Democrats are still a major force at a local

Philip Stephens

Ethics is no fun

■ Serving on the House Ethics Committee, currently debating the case of Speaker Jim Wright, is probably the most unpopular chore in Congress. Julian Dixon, the committee's chairman, a California Democrat, has tried and failed, twice, to resign. Good nannies are hard to find after all.

Still, somebody has to do it and the 12 who are eventually caught and currently sit in judgement on their peers are feeling the heat generated by the Wright case. The committee's discomfort

is worsened by the fact that Americans are big on ethics right now, stirred to righteous indignation by the troubled campaigns of Gary Hart and Jo Bidden Jr, the indiscretions of televanglist Jim "I have sinned" Bakker and John Tower's lust for life. The six Democrats and six

Republicans on the committee never talk to the press about their work. Recently they have been even more uncommunica tive than usual. When they are not deliberating in their leakproof basement office of the Capitol they have begun to eat by themselves in the House dining room.

The committee is primarily concerned with a deal in which Wright received an unusually high 55 per cent royalty for a paperback which was sold in bulk to, among others, the Teamsters Union.

The key question is whether the committee confines itself to charging the Speaker with bad judgement or whether it votes to issue a reprimand and a call for further hearings. Such a step would probably be fatal to Wright's political career although powerful Democrats have been rallying around the Speaker, and there is some fear that those who oppose him will be punished

Both houses have their own ethics committees. The House

Observer

committee, officially known as the Committee on Standards of Official Conduct, owes its existence to the scandals surrounding Adam Clayton Powell Jr. a powerful former New York congressman of the late Sixties indicted for tax evasion. Although the committee takes its work seriously, it is

not clear that the voters do. Congressmen who get a slap on the wrist from the Ethics Committee often find themselves receiving a pat on the back from their constituents. Tip O'Neill, the popular Demo-crat and former House Speaker, who 10 years ago was speaker, who to years ago was reprimanded by the committee for taking \$8,000 in gifts and parties from South Korean lobbyist Tongsun Park, went on to become even more popular before retiring and is now making a small fortune from TV commercials.

High jinx

British Airways flight no 074 from Lagos to London will probably go down in BA history as one of the airline's most jinxed flights ever. Scheduled to leave last Friday it finally arrived at

Gatwick just after 7am yester-day. The first fault was discovered shortly after passengers started boarding at 10pm on Friday. They were fed on board while BA tried to correct a fault in the navigation system. At 2am on Saturday they were told to get out and more or less fend for themselves. They were told that the flight would depart at 8pm Saturday. By 10pm three more faults had been discovered. They were fixed. Then the captain said that the early warning system was not working, but he was applying for a special dispensation from London to take off regardless. The passengers began to rebel.
They were switched to

LAB They keep turning into Martinis"

COLD

FUSION

another plane, whose existing passengers BA decided to leave behind. Then lightning struck. The lights went out all over Lagos airport and there were more delays. To the many American oilmen on board this was hardly the world's favour-

Many Moons

■ Readers interested in Korean affairs have no doubt become resigned to the fact that everybody in the country seems to be called Kim. But be warned: a new sub group of important Koreans has emerged, all shar-ing the name Moon. Like the well known three

Kims, Opposition leaders in South Korea for many years, there are three important Moons, two of them clergymen Even more confusingly, some of the Moons have relationships with some of the Kims.

The Moon currently stirring up problems in the South is the Reverend Moon Ik Hwan, a Protestant minister who is very keen on the unification of the two Koreas.

He recently got into trouble for visiting a fourth Kim, the President of North Korea, Kim Il Sung, much to the fury of conservatives in the South. This Reverend Moon is not to be confused with the Rever-end Moon Sun Myung founder of the Unification church otherwise known as the Moonies but not thought to be a believer in unification. This reverend Moon remains active in South Korean business manufacturing, among other things, herbal tea and M16 rifles. Back in the 1960s this Rever-

end Moon was quite friendly with one of the Opposition Kims, Mr Kim Jong Pil, who then ran the Korean CIA. The Moon clan is quite small by the standards of the Kims, and until recently two Moons were legally forbidden to marry. Koreans are not unaware of the confusion their names

have on foreigners. Lee Bum Suk, the former Foreign Minis ter who was killed in the 1980 Rangoon terrorist bombing, addressing the Washington Press Club, introduced himself and then offered the assembled journalists the chance to laugh now or later. Roundly applauded ,the respected Mr Lee is now remembered by many for a rare sense of

A man's man. ■ Elspeth Howe, the British-Foreign Secretary's wife, has her own busy programme while hurtling around foreign parts. She was in Islamabad just after Easter, meeting representatives of Pakistan women's organisations while Sir Geoffrey visited Benazir Bhutto's foreign ministers. Lady Howe heard about the little boy whose parents

expressed disappointment when he said he wanted to be an engine driver when he grew up. Was this really his highest ambition? Did he not aspire to be, say, prime minister? Cer-tainly not, said the little boy. "That's women's work." Alain Cass

EVENTY-NINE POUNDS.99 I KEPT THINKING AS I SWAM PAST THE ACROPOLIS AGAIN.

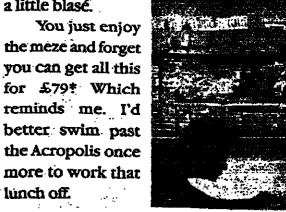
I always stay at the Marriott when I come to Athens on business. "So why," I thought as I splashed past the rooftop bar, "have I never asked about Corporate Rates before now?"

I suppose, when a hotel is this handy for the airport and city centre, you become

You just enjoy the meze and forget you can get all this for £79* Which reminds me. I'd better swim past the Acropolis once

a little blasé.

lunch off.



*For single room including toxes valid until 31.12.69. For details or reservations call your travel agent or London (UK) 01-439-0281, Toll Free: Germany 0130 +422, France 1905-308355.

Ledra Marriott.

VISIT OVER 200 MARRIOTT HOTELS WORLDWIDE

Stefan Wagstyl reports on the curious alliance of two corporate raiders from Japan and the US

So when Mr Watanabe needed help with an assault that had gone wrong, it was logical that he ended up talking to the Texan billion-aire. As a result, two weeks Mr Pickens became involved in Mr Watanabe's controversial attack on Kotio Manufacturing, a company worth nearly \$6bn (£3.5bn) and close associate of Toyota Motor, Japan's biggest manufacturing company:
Mr Pickens's intervention

has given an international dimension to a domestic corporate battle, raising the spectre of a threat to US Japan relations at a sensitive time.

The Texan's move has also shone an unwanted light into one of the markiest corners of the Tokyo stock market. Greenmail – buying shares in the hope of forcing a target company to buy them back at above-market prices – is not illegal in Japan. But last year, in an effort to stamp out the practice, a law was introduced to make the non-disclosure of

large stakes illegal.
The amounts of money a The amounts of money a greenmailer can make has won Mr Watanabe some powerful friends — including Mr Shintaro Abe, Secretary General of the ruling Liberal Democratic Party; Mr Michio Watanabe (no relation), Chairman of the party's policy committee; and Mr Takeshi Nakajima, President of Mitsui Trust and Banking, and Chairman of the Trust Compa-

nies Association of Japan. Compared with the Recruit financial scandal, which has shaken Japan like an earthquake, the Koito case has barely registered on the Richter scale. Nevertheless, the Ministry of Finance is currently carrying out an investi-gation, due to be completed in a week or so. The Tokyo Stock Exchange is also looking into trading in Koito shares. The investigations will consider whether there has been concealment of share dealings, insider trading or stock market manimulation in the Koito case.

Mr Watanabe, 55 years old, has an estimated wealth of over \$1bn. Last year he made Fortune magazine's list of the world's richest men. He came to Tokyo a penniless orphan in the early 1950s after losing his parents and five brothers in an abe made his fortune selling

IVI pickens of Tokyo. Successful green mail operations to his name, he has as fearsome a reputation for corporate raiding in Japan as Mr Pickens has in the US. So when Mr Watanaha needed halo are watanaha needed halo are successful. goes East

second-hand cars, and later luxury cars and real estate. Today he owns property in Tokyo and overseas, including two luxury hotels in Hawaii. He drives himself hard and once said: "I will never stop

working because work is a romantic pursuit."

Like other wealthy Japanese, Mr Watshabe turned his attention to the stock market in the 1980s when Japanese shares began to take off, dealing mainly through two privatelyowned interlocking companies Azabu Motors and Azabu Construction. Mr Watanabe traded actively, with the help of bor-rowed money, much of it from the Mitsui Trust bank. Mr Watanabe started stalk-

ing Koito in late 1987. With annual sales of more than Y100bn (£450m) the company is the country's largest automotive lighting company. Mr Watanabe's real target, however, was not Koito itself but its giant backer, Toyota Motor, which holds a 19 per cent equity stake. Some 40 per cent of Koito's output is sold to Toyota. It is widely known that Toyota regularly appoints senior executives to Koito; preserving that influence might be worth a considerable sum of money to Toyota.

Moreover, Toyota had in 1986

succumbed to an assault from another greenmailing group, Nihon Tochi, which persuaded Toyota to buy back a stake in Toyota Automatic Loom, the forerunner of Toyota Motor.

Koito was such a good pros-pect that it attracted not only Mr Watanabe, but also Mr Kozo Kotani, another corporate raider. The two were both financed with the help of funds from the same bank Trust. But in January 1988, Mr Watanabe bought out Mr Kotani and acquired 18m shares, or 11 per cent of Koito. The price was about Y1,900-Y2,000, compared with Y650 when the raiders had first started. Mr Kotani was stretched to the limit trying to fund a stake in Kokusai Kogyo, an aerial survey company, which he eventually took over last summer in Japan's first big hostile takeover.

Mr Watanabe persevered,

several stockbrokers, including Daiwa Securities. By pledging his own Koito shares as collateral he managed to raise his stake greatly, to an estimated 40m shares, or 25 per cent of the equity, by September 1928. Mr Watanabe first

approached Toyota long before the autumn of 1988 but was rebuffed. Toyota would not pay anything like the price demanded. Mr Watanabe's friends in politics heard of his distress. Last summer, Mr Abe intervened on Mr Watanabe's behalf, personally contacting Mr Eiji Toyoda, chairman of Toyota. Even though Mr Abe is close to the Toyoda family, his move failed - Toyota is less susceptible than most Japanese companies to political

In the meantime, Mr Watan-

abe found he could rely less on Mr Nakajima of Mitsui Trust bank. From the middle of last year, the finance ministry became more aggressive in its attempts to discourage green-mail. Mr Nakajima could not afford to float the ministry's wishes openly. Increasingly desperate for support, Mr Watanabe went abroad. Last year, he met Mr Lee Iacocca, the outspoken head of Chrysler Motor, and it is rumoured in Tokyo that he raised the question of Koito then. But Mr lacocca was not interested. Finally, Mr Watanabe got in

touch with Mr Pickens. Mr Pickens also took some persuading. Mr Watanabe told a Japanese newspaper that he met him 10 times to discuss the deal. But on April 3, Koito announced that Boone & Co, an investment company headed by Mr Pickens, had become the owner of 32.4m shares, or 20.2 per cent of its equity. He paid Y3.050. With the price last Friday at Y4.700 he is showing quite a profit.

The Japanese financial com-

munity was taken aback by the announcement of only the second-ever hostile investment in a Japanese company by a for-eign predator. Toyota executives could scarcely believe their ears at Boone's claim that it was interested in developing Koito's international business.

buying shares on margin at Mr Tsutomu Ohshima, executive vice president of Toyota, said: "What on earth does Mr Pickens want?" However, reports soon began

circulating that the Watanabe-Pickens deal was not all it appeared to be. According to those close to the finance ministry's investigation, some or all of Boone's 23.4m shares of Koito stock are covered by a repurchase agreement - under which Mr Watanabe undertakes to buy back the shares after a fixed time. Tokyo stock market analysts

believe that Mr Pickens has, in effect, lent his name to the venture, and that the repurchase agreement guarantees that he will not lose money. However, if Mr Watanabe hopes Mr Pickens's name will frighten Toyota he has so far been disappointed. The com-pany says it will not pay cur-It is just possible Toyota

executives may change their minds by the time of Koito's annual general meeting due to be held in June. They may want to avoid the public embarrassment of being attacked by Mr Pickens. It may be difficult, for example, to defend the fact that Toyota with 19 per cent of Koito's equity, nominates senior executives of the company, whereas Mr Pickens with 20 per cent cannot.

Mr Watanabe may also have

envisaged a conflict on a much higher level. Mr Pickens has already pointed out that while Japanese companies are free to buy US companies, American companies find it very hard to make acquisitions in Japan. It seems extremely unlikely

that the US authorities would

choose to back a figure as controversial as Mr Pickens as a standard-bearer for their efforts to open Japan's capital markets - but influential congressmen and senators might do so. For all the controversy that surrounds him, Mr Pick-ens has some powerful sup-porters. He is also thought to have political ambitions in his home state of Texas, where a quick round of Japan-bashing would do his cause no harm. Under such circumstances,



Kitaro Watanabe: 'Work is a remantic pursuit'

Toyota – with vital interests at stake in the US - might just decide not to risk a battle over Kotto. In any case, the company has in the past indi-cated that the issue is not one of principle but of price.

In the meantime, the finance ministry and the Tokyo Stock Exchange are trying to estab-lish whether any laws or regu-lations have been broken.

A key part of anti-greenmail-ing measures introduced last year was a rule requiring the disclosure of stakes of 10 per cent or more. This came into effect on October 1. But no disclosure of the Koito stake was made until March this year – by Boone, not by the Azabu group.

Finance ministry regulations also ban parking shares in stockbrokers' accounts to disguise their true ownership. In September of last year the reg-istered owners of much of Koito's stock were securities companies, including Daiwa. If these were shares bought by Azabu on margin then regulations were not broken, but if they included shares deposited as collateral then they may have been.

The stock exchange is examining trading in Koito shares just before the Boone stake was announced, to see if there was any insider trading. The Boone stake was announced on Monday April 3; in the week

ending Friday March 31, Koito shares shot up 26 per cent. In his only comment to the Japanese press, Mr Watanabe has denied violating the law in the sale of shares to Boone. Boone also has said that it conformed with the law. However, Koito is refusing to register the ownership of Boone's shares until after the authorities complete their investigations. It is pinning its case on a regula-tion which requires the Government to investigate the foreign acquisition of a company making aircraft parts. Two per cent of Koito's turnover is in

aircraft parts.
The investigations are not important for the penalties they may bring on to Mr Watanabe's head - for they are small - but for the way they highlight a change in attitude in Tokyo. Two years ago, when Mr Watanabe started his assault, the finance ministry would never have been as zealous in examining the case as it has been now. But a series of stock market scandals, culminating in the explosive Recruit affair, has changed everything. In the markets, as in politics, people are at last acknowledging that white is white and black is black and they will remain so tomorrow. The days are gone when everything appeared in indistinct, evershifting and uniquely Japanese

shades of grey.

LOMBARD

Bowing to the inevitable

By David Barchard

THE ARGUMENTS that have raged in recent weeks over Abbey National's decision to shed building society status and become a bank have all overlooked one fact it is by no means the first building society to take this step.
Offshoots of the British

building society industry sprang up in several former British territories earlier this century. In the late 1970s there were around 120 building societies in Australia (about the same number as in the UK today), and about a dozen in South Africa. British building societies

have been keeping a careful eye on both sets of sister societies for several years. Most large societies have sent at least one top executive out to Australia in the last two years. Now a study of the Austra-lian and South African indus-tries has been published by John Wriglesworth, building societies analyst at UBS Phillips & Drew. The picture

he paints suggests that after last week's landslide vote for conversion by Abbey National members, Britain's societies should be bracing themselves for a coming whirlwind. Deregulation came to both the Australian and South Afri-

can financial services in the 1980s, as in Britain, but - with attachment to the past less strong in both those countries its impact on building societies was much swifter. In South Africa, societies gained the right to convert in 1986. Within a few months, United Building society had shed mutual status in the larg-

est listing ever seen on the Johannesburg Stock Exchange. Three years later, all large building societies are now equity based, and only six small mutual societies remain. In Australia, there are still 53 building societies left, but all but one of the larger societies have opted to become banks. Even those wanting keep mutual status have had to bow to pressure from the markets. In South Africa, the staunchest supporter of mutu-ality was the Perm, the second largest society. In March this year, it ended up as the willing prey to a takeover from a bank.

In Australia, the new banks

have been star performers on the stock market. One former society's price has risen nearly 400 per cent since its listing in 1985. The post-conversion stockmarket performance of Australian and South African building societies may be a better guide to Abbey National's prospects than the frequently-cited comparison with TSB.

Once the genie of conversion was uncorked, it worked much more fiercely than had been anticipated, leaving little of the original character of the old building societies. To protect themselves from predators, the former building societies in Australia wrote 10 per cent maximum shareholding provisions into their Articles of Association. Nevertheless last December, the Australian pubhic was offered the entertaining spectacle of a hostile bid launched by Advance Bank (formerly the New South Wales Building Society) upon Chal-

lenge Bank (formerly the Perth Building Society). The changes have been dis-tressing to defenders of mutualism in both countries. But when members were called on to vote, resolutions on conversion to bank status were passed almost unanimously in all cases, though on a much smaller turnout than in the Abbey National vote.

Australia's largest society, the St George's, has so far been able to swim against the tide, helped by a strong market image and by the ability to issue tradeable "permanent shares" to members. But this was not so much an alternative to flotation as another route to it. "Having got used to servic-ing dividend-hungry perma-nent shareholders," writes Mr Wriglesworth "(St George's) admits that it is already a quoted company in all but

Small building societies which are perhaps closer to the original vision of their mutualist founders in the last century - have continued in both Australia and South Africa. But what Mr Wriglesworth's study seems to suggest is that, in deregulated financial services markets, the conversion of large building societies into quoted companies is not so much good, bad or sad, as inev-

LETTERS

Nepal's independence

From Mr Simon Abrahams.
Sir, Your article on Nepal
(April 12) presented itself as the background to the present policy of economic attrition (by india) against Nepal." But your correspondent fails to mention Nepal's fear of losing its inde-pendence. India's generally hostile intent towards its neighbours, and a similar trade embargo by India in 1975.

-

India, since it gained its own independence in 1949, has invaded, annexed or militarily occupied more of its neighbours than any other country in the world: Gos. Pondicherry, Bangladesh, Sri Lanka, the Maidive Islands and Sikkim. All of India's remaining neighbours are acutely aware that they remain potential targets.

From Mr Adrian Baird.

Sir, Anthony Rosen criticises

sir, Anthony Rosen Crincises
the present capital gains tax
provisions which allow the
roll-over of gains from land
sold with planning permission
(Letters, April 4).

CGT roll-over relief does not
provide an exemption from tax,
but rather a deferral of the tax
charge. In the example Mr

charge. In the example Mr Rosen gives, the farmer selling the land to the person claiming roll-over relief will pay tax immediately on the gains be

rolled over). In no sense does this amount to an avoidance of

Furthermore, why should roll-over relief be restricted to

Landowners' CGT relief

It should also be noted that the 1975 annexation of Nepal's Himalayan neighbour, Sikkin, caused great concern in Kat-mandu, and led to anti-Indian demonstrations which wanted demonstrations which resulted in several deaths. India objected to Nepal allowing the demonstrations to take place, and put a trade embargo on the country as punishment. This crippled Nepal's develop-

ment for several years.

It can therefore be said that the current problems are not unexpected, and that Nepal's fears of having its indepen-dence curtailed are fully justi-

a reinvestment in assets used in the trade in which the tax-payer was formerly engaged? Reinvestment in other trades

caters for the diversification so especially needed in agricul-

ture at the present time, when farm incomes are in decline.

in any case, the private sec-tor is better than the public sector at looking after invest-

ment capital. The present roll-over relief allows the private businessman to make a rein-

investment in other trades

Simon Abrahams, New York City. New York 10128, US

Two-tier boards

From Mr Raiph Instone. Sir, if we are to have two-tier boards, as proposed by Mr Edgar Palamountain (Letters, April 12), it will be necessary to define the matters on which the non-executive directors must propounce.

Is their opinion to be

required only in the case of resisted bids, management buy-outs, and other changes where a conflict of interest may arise? If so, it would be far simpler for the City Panel to require the circulation of a reasoned opinion from non-executive directors in all such operations above a certain size. But consistency would require a similar opinion in the case of all acquisitions and

The trouble with this proach is that non-executive directors can only second guess the views of manage-ment and its advisers, presum-ably on the basis of the same evidence which had already satisfied the management. Does anyone suppose that a non-executive committee of the Blue Arrow board, for example, would have pronounced against its acquisition of Man-

power?
The improvement of managerial judgment and performance will not be secured by a divi-sion of functions between executive and non-executive directors; still less by changes in Ralph Instone, 7 New Square, Lincolns Inn, WC2

'Locally' controlled parking

From Mr Simon Randall.
Sir, Drastic action is indeed needed to relieve the trafficchoked streets of London (FT

other transactions needing

shareholders' approval

report, April 12).

But one simple measure which would have a big effect has been overlooked by the group of Conservative MPs suggesting their own more radical measures. ical measures.

The London Metropolitan police issue some 2.5m fixed

penalty notices a year. But set against this, it is estimated that there are over a third of a million parking offences in the capital every day — so 49 out of every 50 offenders go unpunis it any wonder, then, that

illegally parked vehicles cause so much chaos on the roads and streets of London? The answer is to transfer

responsibility for parking enforcement from the police to local authorities, which are in any case responsible for traffic

They could employ their own parking control officers to keep traffic in the city streets mov-ing. Wages and costs would be met from parking fines, and detailed costings show that the whole scheme would be self-financing. Such a scheme would also free the police for other details.

The Home Office is currently considering these proposals. Let us hope for an early agree-Simon Randall, Chairman,

Housing and Works Committee, London Boroughs Association, Westminster City Hall,

vestment of capital not by avoiding but by postponing payment of CGT (which itself is a throughly complex and bad tax). It is doubtful whether So will the purchaser, if ever he sells the land acquired (on any gains made on that land, as well as the gains previously the Treasury could make a bet-ter distribution of that capital.

Country Landowners

16 Belgrave Square, SW1

'YTS certainly has its merits within our industry' From Mr Tony Recole.
Sir, Fiona Thompson ("YTS fails as job training vehicle," April 11) makes a rather sweeping condemnation of the youth training scheme, con-cluding that ". the potential of YTS as a substitute for apprenticeship schemes remains for the most part unrealised." She writes: ". only one in four trainees: acquires a recognised qualifica-tion and the worth of some of those qualifications has been

I cannot speak for other industries, but I can say that the unique linking of YTS status, and therefore its funding working career. In the printing

incentive, within our own printing skills training scheme, has almost certainly advanced our trainee intake by as much as 50 per cent over the last four years. As the first industry to abolish apprenticeships and replace the system with a standard based modular training scheme, we have also been highly satisfied with the qual-ity of training which is being offered under this system.

Trainees do not simply earn a qualification for the job.
They are equipped for life,
because the flexibility withinour training scheme allows for training updates throughout a

industry, which has progressed rapidly with technology, this can mean as much as three or four times during a person's

normal working life.
Without the incentive of YTS at the forefront of our printing skills training scheme, I doubt whether we could have achieved nearly as high a suc-cess rate as has already been proven I might add - again relating to the presumed concerns of trade unions - that within printing we have the full co-operation of both the National Graphical Association (NGA) and the Society of Graphical and Allied trades

(SOGAT), which last year

joined with us to promote the scheme further. This is why, as an "A"

graded non-statutory approved training organisation, we are at the forefront of the campaign to retain some continuity of the present system, and in particular to manage the interface with the proposed Training Enterprise Councils, promoted in the Government's recent education white paper. While YTS is hardly a perfect system, it has its merits, cer-tainly within our industry. Tony Keeble, British Printing Industries Federation, 11 Bedford Row, WC1

a fruit tree to produce fruit. And people always had this dream of faster and better harvests. Now DSM, one of Europe's largthis dream.

In co-operation with the Research Station for Fruit Growers in Holland, the researchers at DSM have developed a comwest Europe. They call it 'fertigation'.

drip irrigation system. The drip, however, est chemical companies, has helped realize is enriched with a special fertiliser which is fully soluble in water.

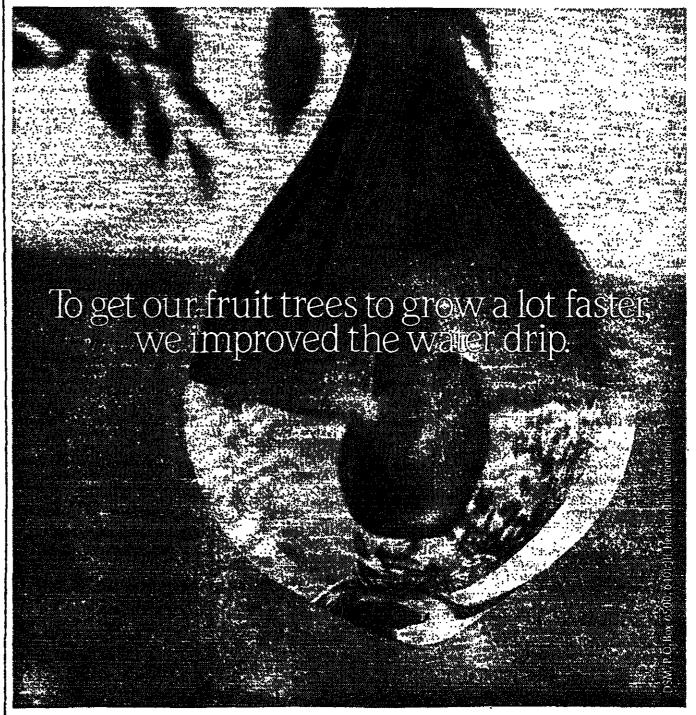
> Thus the roots receive, drop by drop, moisture and nutrients. In exactly

It used to take four to six years for pletely new fertilising technique for north- able: since we improved the drip, we've been able to harvest at least a year earlier. It uses the environmentally benign And both the yield and the quality have improved tremendously:

> Fertigation is one of our technologies which is certainly bearing fruit.

> > DSM (5)

the right amounts. The results are remark- If we don't have a solution, we find one.





FINANCIAL TIMES

Monday April 17 1989



Janet Bush on Wall Street

Vultures weigh up the risks

THE annual meeting in Beverley Hills of junk bond magnates under the auspices of Drexel Burnham Lambert was dubbed The Predators Ball. Perhaps its natural suc-cessor was last week's confer-ence at New York University on Investing in Bankrupt Securities: The Vultures Cotillion? Judging from the enormous crowds attracted to this after-noon symposium, Wall Street has found its new fad.

But it may be this sudden explosion of interest in the securities of companies sliding into insolvency that will sound the death knell of what has been a highly profitable invest-ment strategy for the few that

ment strategy for the lew that practised it.

Mr Michael Price, president of Heine Securities Corp and manager of a set of funds which invest in bankrupt or distressed securities, a so-called Vulture Fund, said the most worrying thing for him about the future was that so many people had turned up at NYU for the conference.

Each practitioner bemoaned the fact that the explosion in popularity of bankrupt securities had so significantly out-stripped any increase in supply that there was now little value

left in the market.
Although one had to wonder about the motivation in such gloomy predictions (after all, the returns were stupendous when few people knew about it), it does seem that the only hope now for this form of investing is a really severe

Dr Edward Altman, Max L. Heine Professor of Finance at NYU's Stern School of Business, presented a study last week on the cumulative average returns on various types of bankrupt securities.

Completely unadjusted, his figures show a return of more than 45 per cent on equities in the period from the first month after bankruptcy to a year after. The equivalent figure for all types of debt is 40.52 per

Residual returns for both categories (absolute performance less the performance of the High Yield index for debt and the S&P 500 index for equities) are, of course, much lower but still offer an average return over the same period of

It is figures such as 45 per cent which have been bandied around the financial press, coupled with several forecasts predicting an increasing level of bankruptcies as the nation moves towards a possible recession, that have helped attract so many new investors to this market.

But the overall message of last week's conference was that this is an extremely risky kind of investing.

Statistics on returns and defaults in this area are still being accumulated and are by no means consistent or convincing. The results of a new Harvard University study on junk bonds which started circulating last week provided an antidote to many of the previous analyses, so often financed by securities houses making a fortune out of junk bonds. The Harvard study found that investors who bought and

held a portfolio of all the junk bonds issued in 1977 and 1978 would, by November 1988, have experienced a default rate of

more than 34 per cent.

This compares with the findings of Dr Altman, who takes issue with the conclusions of the Harvard report, that the average default rate between 1970 and 1985 was never more than 2.1 per cent.

Mr Paul Levy, formerly with Drexel but now working in his own law practice, stresses the need to be extremely knowledgeable if entering this highly risky field where the fate of distressed securities depends on so many unfathomable fac-

How willing are the various parties who want to preserve their assets to compromise? How good is the judge who is so crucial to the outcome of bankruptcy proceedings?

Many more companies are successfully being reorganised under the umbrella of the bankruptcy courts, and Judge Burton Liflind, presiding over the Eastern Airlines case, pre-dicted that this trend would continue. But anything can go wrong. Judge Liftind was whisked away from last week's conference back to the Eastern Airlines negotiations and the very next day the proposed sale to Mr Peter Ueberroth col-

Mr Price believes that invest-ment firms, which have raised more than \$500m to invest in the securities of failing compa-nies over the past six months, may start putting up risk money instead to try and pull companies out of bankruptcy before they go in.

US rates may fall on budget deal

By Lionel Barber in Washington

US INTEREST rates could fall following the newly forged budget agreement with Congress, senior Administration officials predicted yesterday.

The outline accord – an-

nounced on Friday – aims to reduce the Federal deficit below the statutory target of \$100bn, but it has run into criticism for using over-optimistic economic forecasts and postponing specific decisions on

revenues.

Mr Nicholas Brady, Treasury Secretary, defended the deal in a television interview yesterday, broadly hinting that he thought it would lead to a fall in interest rates. "When you provide fiscal sanity, interest rates come down... Possibly you will see more reductions."

Mr Richard Darman, President Bush's budget director. dent Bush's budget director, joined the Administration

effort to talk down rates, saying: "We would expect them to drop - but not precipitously." Many economists have warned that interest rates could rise by mid-summer, for-cing the Administration to revise its forecasts and under-

mining the rosier assumptions on which last week's budget

on which last week's budget accord is based.

The budget pact covers fiscal 1990 – which starts in October – and aims to produce between \$24bn and \$28bn in spending cuts and revenue mising measures withing the raising measures, cutting the budget deficit to \$99.4bn. This fiscal year the deficit is expec-

ted to be around \$163bn.

A key unresolved issue in the budget agreement concerns \$5.3bn in unspecified revenues. In a show of disapproval, two leading Democrats - Senator Lloyd Bentsen, chairman of the Senate Finance committee, and Mr Dan Rostenkowski, chair-man of the tax-writing House ways and Means commit-tee – boycotted Friday's White House ceremony where Mr Bush, flanked by Congressio-nal leaders, announced the

the "no new taxes" pledge made during last year's election campaign - says he is not willing to discuss tax increases whiling to discuss that increases in fiscal 1990. Mr Brady said he would not even consider a rise in the gasoline tax.

Instead, the Administration

is insisting that \$4.8bn in new revenue can be raised through a cut in the capital gains tax which would bolster economic growth. Mr Darman made clear that this remains the preferred option, and he suggested that Democrats may change their

mind on CCT. However, Senator Jim Sas-er, the Democratic chairman of the Senate Budget commit tee, said the chances of a CGT cut were either "slim" or

zero." He also conceded that i might not be possible to reach the Gramm-Rudman statutory defeit reduction target of \$100hn. He complained of over-optimistic official economic forecasts and said: "I am not the primary defender of this budget agreement."
Mr Bentsen said on Friday

that the agreement's impact would be "marginal," while other Democrats said the accord was the first step towards finally resolving the deficit problem next year, and they contrasted the spirit of co-operation with the acrimony of the Reagan budget talks.

Eurobond underwriters act to restore market's profitability

By Norma Cohen in London

THE trade association representing Eurobond underwriters has expressed deep concern about the industry's declining profitability and has approved measures aimes at improving market practices in the light of members' losses.

Mr Michael von Brentano, chairman of the London-based International Primary Market Association (IPMA), issued a statement after its annual gen-eral meeting on Friday calling on members to restore the markets to profitability.

Mr von Brentano, who is

also managing director of Deutsche Bank Capital Markets, the London securities arm of the West German bank, also expressed concern about the impact of the single European capital market on the Eurobond market.

The IPMA plans to establish formal contacts with professional associations represent-ing the securities industry in all EC countries. Only six of 12 EC nations are represented among IPMA members.

The statement is the industry's first public recognition of what it privately acknowledges has been a growing problem in

pays tribute

in a reception area of the

Northern General Hospital on

Sheffield's outskirts. And there was the black cassocked figure

of Monsignor Derek Worlock,

Roman Catholic Archbishop of

At Hillsborough, the centre

of yesterday's events was the half-hour visit by Mrs Mar-

garet Thatcher. Speaking from the pitch, to perhaps 150 jour-nalists and television crews,

she was asked for a message for relatives in Liverpool. She said: "In a family you are always thinking of somebody else. Is there food in the fridge? Is the place tidy? Then all of a

sudden there is a big hole, an

they tried to escape the crush. While Mr Hurd walked alone

up the terraces, inspecting them, Mrs Thatcher could be seen in conversation on the

terrace with Mr Peter Wright,

one abiding image of Hillsbor-

ough yesterday. Another was the litany of the names of the dead that had begun to emerge

by late yesterday afternoon, when 89 had been positively identified. John Paul Gilhooley, aged 10, Huyton, Liverpool. Phillip Hammond, 13, Alphan Liverpool. Phillip Hammond, 13, Alphan Liverpool.

Aigburth, Liverpool; Paul Mur-ray, 14, Stoke-on-Trent; Simon Bell, 17, Great Crosby, Liver-

pool . . .

she was asked for a me

Liverpool.

Sheffield

recent years.
In recent months IPMA members have been seeking a solution to the overcapacity in the Eurobond business that has led members to underwrite unprofitable deals for borrowers in the hope of building market share.

That drive for business has made it difficult for all firms to earn a satisfactory, if any, return on capital and has led to a number of market prac-tices that new IPMA rules aim

Key measures approved by the IPMA's board include one which would bar lead manag-ers of new issues from deducting so-called stabilisation expenses from co-managers' fees, unless such deductions were clearly stated at the start of syndication. Stabilisation usually

involves the purchase of bonds by the lead manager at the price they were sold to co-managers in order to create an orderly market for a security with no trading history. The cost of these purchases

This issue has been particularly sensitive since some securities houses have earned a reputation for recouping their own losses on unprofitable bonds by deducting large por-tions of the fees paid to co-

The practice has effectively allowed some houses to win new business by selling bonds for borrowers at rates they know investors will not accept. When they are forced to sell the bonds at a loss during the stabilisation period, they can share recover some of it by charging the co-managers. This practice has often infuriated co-managers whose own profitability is as precarious as that of the lead manager.

If lead managers must absorb the full cost of unprofitable business by themselves, the IPMA believes they will think twice before agreeing to underwrite it. The IPMA also approved measures aimed at limiting the expense overruns that can be charged to co-managers on new Eurobond issues and to speed up the payment of fees by the lead manager to

is then deducted from under-writing fees which each co-Inquiry is launched

into soccer tragedy

Continued from Page 1

by Tuesday whether the competition would continue. Liverpool has postponed its remaining fixtures.

The public inquiry is likely to address arrangements for dealing with supporters outside football grounds, in addi-tion to the wisdom of perime-ter fences and all seating in stadiums. Some experts said yesterday that the catastrophe could have been avoided by a filtering system to ease the imtial pressure outside the ground. The rear of the ground was the first barrier vistors confronted when they reached

emptiness. Comfort is the least one can offer, but comfort can-Mr John Carlisle, chairman of the Tory back-bench sports committee and a strong supporter of the proposed national membership scheme, called for it to be "put on ice" to await the conclusions of the public not fill the emptiness."
Flanked by Mr Douglas
Hurd, Home Secretary, Mrs Thatcher walked slowly towards the gates behind the goal at the Leppings Lane end, through which so many fans had spilled on to the pitch as

inquiry.
There were contradicting

claims among MPs over whether the scheme's exis-tence would have avoided or compounded the tragedy. While some called for it to be scrapped, others demanded its immediate introduction.

Mrs Thatcher said at the ground that the bill, intro-duced in response to the Popplewell report into the Bradford City stadium fire in 1985, was intended to prevent too many people going to foot-

ball grounds.

She said, however, that the Government would "have to look yet again" at crowd control measures. She said the inquiry would be thorough but hoped it would provide some preliminary findings

Mrs Thatcher, who said the Government would contribute £500,000 towards the Hillsborough disaster fund, added: "We will have no difficulty in the Commons in putting through

Lignotock in biggest W German buy-out

By Andrew Fisher in Frankfurt

WEST GERMANY'S biggest west German's buggest ever management buy-out, worth DM540m (\$289m) and involving a fast-growing motor parts company, has been con-cluded by British and French banks and their German affili-

banks and their German affili-ates. The buy-out gives impe-tus to a type of financing which is still underdeveloped in the Federal Republic. The buy-out of Lignotock, which has plants in Germany, Spain, France, Engiand and the US, was led by Baring Capital Investors, a Munich-based sub-sidiary of Baring Brothers, the UK merchant bank. It dwarfs UK merchant bank. It dwarfs the previous buy-out record in Germany, the DM100m pur-chase of the European machine tool division of Ex-Cell-O of the

tool division of Ex-Cell-O of the US nearly two years ago.

As with venture capital, the concept of the buy-out has still to take off properly in Germany, though both have gained ground in the generally cautious business community.

The fact that the advantages The fact that tax advantages on the proceeds of company sales will soon end helped to speed up the Lignotock deal. Lignotock has a turnover of around DM500m, 10 times more

than in 1981. It was formed 15 years ago, employs 2,000 people and specialises in the production of softwood-based com-pound fibre materials for car dashboards, door panels, seats, and other interior uses. Its cus-tomers include Volkswagen, Ford, General Motors, its Opel subsidiary in Germany, Daimler-Benz, and Toyota. Mr Thomas Lück, head of

Baring Capital, said that while initial hopes for management buy-outs in Germany had not been fulfilled, he hoped the Lignotock deal would encour-age more sizeable deals. "The market is more developed in France or northern Italy, he said." The total funding of DM540m includes equity, a mezzanine tranche of long-term subordinated debt with equity warrants, and loan

capital. Involved with Baring in the deal were 3i, the British financing company with a Frankfurt offshoot, Société Générale of France, and its Frankfurt subsidiary, Société Générale Elsäs-sische Bank. 3i arranged the mezzanine finance and SocGen the loan capital.

Peugeot to announce 30% profits rise

Continued from Page 1 South York Chief Constable, and other officials. The Prime Minister's was

Peugeot was the fastest growing volume car maker in West Europe last year. In 1987 it ousted Ford from third place it ousted Ford from third place in the West European car sales league, and Mr Jacques Calvet, Peugeot chairman, is seeking to gain first place from West Germany's Volkswagen and Italy's Flat, currently the European market leaders, by 1992-93.

Last year the Peugeot group acreased its car volume sales

WORLD WEATHER

in Europe by 11.3 per cent compared with a 4.6 per cent growth in the overall market. The group captured 12.9 per cent of the market compared with 12.1 per cent a year ear-

The turnround in the for-tunes of Peugeot Talbot follows eight years from 1979 to 1986 when it ran up accumu-In April last year Peugeot Taibot introduced a second shift at Ryton. Output last year increased by 94 per cent to 88,826 cars and is expected to reach close to 110,000 this

In mid-August the produc-tion rate is scheduled to be increased to 2,500 cars a week from 2,200, lifting total available output to about 125,000 next year. Production is being concentrated exclusively on the successful Peugeot 405 medium-sized saloon.

Call on monetary union

Continued from Page 1

chiefly at the insistence of Mr Robin Leigh-Pemberton, Gover-nor of the Bank of England, and Mr Karl Otto Pöhl, presi-dent of the West German Bundesbank. "Although in many respects

a natural consequence of the commitment to create a market without internal froutiers, the move towards Emu represents a quantum jump," the report acknowledges.

But such a jump "could secure a significant increase in economic welfare," the report

steps towards Emu "will already have to be taken in the course of establishing a single

Significantly, the central cede their growing dependence on each other's actions, by vir-tue of the liberalisation in Community financial services. The committee states that if

The committee states that if EC government heads "can accept" its report as the basis for moves towards Emu, renegotiation of the EC Treaty should begin immediately and its report could serve as a basis for moves towards every as a basis for an acceptance. for an inter-governmental con-ference of EC states.

The risky business of getting big

The proposed merger of Beecham and SmithKline has been halled as the start of a

massive consolidation of the drug industry worldwide. The argument is familiar: the rising cost of research, the downward

cost of research, the downward pressure on prices, and the shortening of patent life — all calling for higher market shares and bigger turnover. But there is room for scepticism. In any industry, it is in the nature of managers to ment to be king and it is in the state.

want to be hig: and it is in the interest of investment bankers

and analysis to urge them on.

and analysts to urge them on.
Consider the auctioning of
RJR Nabisco. It is widely
assumed that the various parts
of the business will be bought
by such as Unilever or Nestlé,
since in the food industry too
there is a supposed inexorable
trend towards bigness. But
RJR Nabisco is itself one of the
industry's biggest, and is being

RJR Nabisco is itself one of the industry's biggest, and is being broken up as inefficient. If the food industry goes through spasms of gigantism every decade or so, it does not matter much. Planter's peanuts and Del Monte peaches pass into different hands and no harm is

different hands, and no harm is done. But in the world of high

technology, combining research, development and marketing is a once and for all process. If the logic or the exe-

innovation. GEC and Siemens

for the next generation of tele-

com switches, for instance. In

Lord Weinstock's elegant for-

period of effective patent life on the market, as the require-ments of the regulating author-ities lengthen at one end, and cheap generic equivalents encroach at the other.

This gives were to two inner-

This gives rise to two imper-

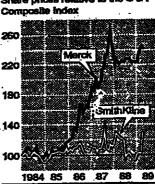
ment - the D part of R & D,

accounting for two thirds of

the total - must be big enough to hustle all promising new

drugs through the regulatory tests as fast as possible. And above all, there must be a sales

force in place in all the major markets - the US, West Ger-



many, Japan - which can ped-dle the drug for dear life as soon as it gets clearance.

There is one central snag to all this: research itself, or the finding of products. Beyond a certain minimum scale, what

matters in research is not size, what matters in research is not size, but productivity, and no-one knows how to guarantee that. For a decade, Smithkline had money to burn on drug research, and duly burnt it: and the source of the money was one drug - Tagamet -discovered not in its big US laboratories, but in its much smaller research establishment The attractions of a mere

cution turn out wrong, the results cannot be unscrambled. But perhaps there is no alternative. The terms of the argument are clearly laid out by Plessey and GEC. Faced with the threat of takeover, Plessey between Beecham and Smith-Kline are real, but lie mostly in the peculiar characteristics of the two companies. The deal should not be taken as a blueprint for the industry; the risks involved in mega-mergers are too great to be offset by the increased odds of innovation. The world's two biggest drug companies, Merck and Glazo, argues passionately that it is not volume of production which counts, but technical reply that to innovate, companies have to cover the rising absolute cost of R & D - \$2bn also possess the most successful research cultures. But they are not inventive because they are big: they are hig because they are inventive.

mulation, the capacity to spend on R & D is largely determined by turnover, and turnover is determined by markets. Palladium determined by markers.

That rings all kinds of bells with drug industry executives. Their problem is not only the rising cost of R & D, though that is horrifying enough. The real killer is the shortening The joining of two atoms in a tumbler of cold water - if

indeed that is what happened in Utah — may be a scientific triumph, but surely there is not much in it for the investor. The market for palladium — an essential part of the cold fusion process - thinks otherwise, to judge from the 30 per cent rise in the metal over the

Palladium prices usually the world's teeth, or to indus-trial demand for electrical components. Supply is tight and the price is prone to excitement. The hysterical reaction last December to a chance comment by Ford, which appeared to suggest substitut-ing palladium for platinum in

car exhausts, shows how touchy it can be. This time the reaction is even more farfetched. Nobody knows exactly what, if anything, the Salt Lake City experiment proves — whether it can be repeated elsewhere, or how much energy it would give off, let alone whether something commercial will ever come of it.

Even if a breakthough really has been made, it will be 15 or 20 years at least before it means anything for palladium demand. Speculators are doubtless hoping for immediate less hoping for immediate demand as scientists from Frascati to Los Alamos attempt to achieve cold fusion themselves; but as the rods required are little bigger than a match, every nuclear physics student would have to reproduce the experiment before it had much

effect on the world market. Still, while it lasts, the rise in the price is good news for the Soviet Union - which pro-duces over half of Western supplies - and for the likes of Lonrho and Johnson Matthey, especially for Lohrho which actually produces the stuff. If the market could stop worry-ing about the future of either company, it might find some-thing genuinely encouraging to

Building societies

There is just a possibility that last week's overwhelming vote of the Abbey National's members to convert to pic sta-tus could hackfire. Not only has the excercise highlighted the valuable equity rights of building society members, but it has also shown how easy it is to persuade people to excer-cise them. If the success of the Abbey's move encouraged other societies to convert for the wrong reasons, the UK building society industry could become the play ground of the corporate predators in much the same way as the water industry was before the Government cried foul and changed the rules.

The legal and regulatory obstacles may be horrendous but it is not beyond the bounds of possibility to imagine a case now where a well-managed financial institution made an offer over the heads of the board of a poorly managed building society. After the Abbey, it is easy to predict the response if the bribe was raised to £500 per member, say. Next time round instead of the Abbey Members Against Flota-tion, one of the more entrepreneurial Wall Street investment banks should consider offering its services to maximise build-ing society member value on a no-win, no-fee basis.

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FINANCIAL TIMES OMPANIES & MARKETS

Monday April 17 1989



INSIDE

A succession of bolts from the Blue

Britain's Blue Arrow has been bedevilled by controversy since it took over Manpower of the US in 1987. But in the past formight, attention has focused on a £25m interest-free loan facility it extended to a property development scheme controlled by Peter de Savary, the yachtsman and entrepreneur, who has bought John O'Groats and Land's End and more than a few ports-of-call in between. Page 33

Swapping companies: the Snooks factor



GEC, the British electrical group, has been criticised in some quarters for its spate of recently announced joint ventures. But, argues Christopher Lorenz in the Business Column, this may be unfair to the company and ignores the "Snooks factor" — the possibility that GEC will make a full swap of businesses with its new partners some way down the road. Page 44

Exception to the bond market rule

Bond markets rally for all manner of reasons but only unusually at a time of rising inflation.

And rarely in the face of an uncertain currency. Last Friday was an exception. Despite fresh evidence of rising producer prices and a mod-est weakness in the dollar, the US Treasury market had its best day all year. James Buchan explains why. Page 32

Return of the profit motive



The Eurobond market needs to return to profit-ability. That is the word from Michael von Brentano, (left) chairman of the International Primary Market Association, who last week made the industry's first public acknowledgement that its unprofitable nature the result of overcapacity and the chasing of

addressed. Page 30

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Assault and battery recidivist

Nikki Tait looks at Chloride's long trail of corporate mishaps

S CORPORATE mishaps go, British battery-maker Chloride takes the cake. Following its expansion-minded heyday under the leader-ship of Sir Michael Edwardes in the early 1970s, the company caught the full blast of early-1980s recession. In the decade to mid-1987, it generated a negative cashflow of £100m (\$170m) and faced vociferous shareholder dissent. The comings and going in the boardroom seemed akin to an up-tempo game of musical chairs with Sir Michael, who had quit his executive role to take charge

of carmaker BL, becoming non-executive chairman in 1983. Then, in 1987, a new dawn was heralded. In came Mr Kent Price, an American and former Citicorp banker, as chief executive. Management consultants McKinsey followed, and a grandly-titled "global organisational structure" was put in place.

On the financial front, there was a return to the dividend list after a seven year absence. Some further disposals followed, but the company also re-trod the acquisition trail, boosting its power supply interests with a £21m bid for USM-quoted Power-

lithium battery group. For 1986/7 and 1987/7, pre-tax profits were at least respectable, at £17m and

least respectable, at £17m and £18.2m respectively.

Then on Friday, the clouds descended again. This time it is Mr Price who is departing, leaving a boardroom packed with Edwardes-recruited, former Austin Rover executives. Out, too, goes the motive power business, the batteries of which are used in the likes of forklift trucks, milk floats and golf buggies. This was a surprise to the City, which instead has been awaiting, and fervently seeking, the much-her-alded disposal of the European automotive battery operations.

Profits; too, are forecast to slide in the 12 months to the end

of March, with a thinly-veiled warning that the dividend may not be entirely secure. So what has gone wrong this time? There appear to be three

The first concerns the car bat-tery business which supplies both the original equipment mar-ket and replacement batteries. The former is a low-margin operation and the latter, highly seasonal.
In the face of an extremely

line, and acquiring a 51 per cent mild British winter this year, stake in Altus, a California based Chloride talks of "severely

reduced demand" for replacement batteries.

The company sang a not-dissimilar song last year and, although Mr Kent Price forecast then that the European automo-tive battery business would make its first profit for a decade in 1968/9, analysts agree that it has almost certainly been loss-making. County NatWest, the company's broker, suggests that the deficit may run out at around

Analysts are still grappling with the full balance sheet impli-cations of this. The company started the year with debt of around £28m and shareholders' funds of £77m, but now expects some gearing to persist after the motive power and still-impending Exide Europe disposals are complete. Working backwards, the pundits calculate that gearing may have topped 100 per cent during the second half of the year - with a resulting impact

on interest charges.

The third problem appears to be one of all-too-familiar management hiccups. Chloride announced a reorganisation in its UK power supplies business last

May. Now it says — somewhat vaguely — that "the benefits of the rationalisation programme"

have taken longer to materialise than anticipated."

So where does this leave the group? The extent to which the sale of the motive power battery business was forced on Chloride by the deteriorating financial ition is a moot point. Nevertheless, analysts are not entirely dismayed to see it go - although they do recognise that it is a good cash-generator and makes low

the company's followers, are the odds on the Exide Europe sale. On Friday, Ray Horrocks - who took up the chairman's mantle from Sir Michael last autumn, and now adopts Mr Price's responsibilities – appears opti-mistic. Negotiations, he says, are at an advanced stage, and an announcement can be expected in a matter of days not weeks.

Few, however, expect the business to fetch the sum of £20m to £30m which had been touted. Rather, the suggestion is that the buyer will acquire the business for a nominal price, but take on some chunky debts. The net benefit to Chloride, guess analysts, could be in the order of between

demands on capital expenditure.

Far more critical, in the eyes of

£10m and £15m.

Assuming Exide Europe does
come through, opinion then

tion are spelt out.

As for the share price, it fell 6p
to 49p on Friday. Analysts were

Share price (pence)

divides sharply. The bulls note that Chloride has been building its market positions in standby power and emergency lighting, while its automotive/industrial battery interests outside Europe remain

1984

well-placed.

The bears, by contrast, point out that some of these ongoing markets are themselves competitions and provided until tive, and remain sceptical until the full facts of the current situa-

68 guessing that profits could be anything between £10m and £16m With the dividend questionmark, it is hard to point to a

secure yield prop. So opinions divide. The shares on fundamentals should be no more than 40p, says one analyst. "The price has got the bad news in it, and on a break-up basis could be worth 80p a share," declares another. But perhaps the most telling

comment came from one analyst who simply sighed and remarked.

Policy under a political stalemate

OMEONE seems to have the old Chinese curse inside out. We live in intersting times, but on balance they seem hopeful rather than threatening ones. The Communist world is edging towards counter-revolu-tion, and Western Europe towards something like genuine unity. The news of this hemisphere, it is true, is not so good: Latin American democracy looks increasingly fragile, and the sixand-a haif-year-old US economic expansion is becoming anaemic. Bets on a seventh year are now

at more attractive odds.
All of this, you might suppose,
would absorb the whole attention
of a capital led by a deeply experienced foreign policy President
who has staked his domestic strategy on growth; but in fact two domestic topics are dominating this cool, wet Washington spring: drugs and taxes. Both are very real problems, and appear virtually insoluble under the US Constitution, or rather under the conditions it has produced.

conditions it has produced.

America's impatient partners in the Group of Seven might profitably study these dilemmas, if only to learn a little philosophy. Readers may need a little philosophy too, if they persevere. There is an economic meaning in what the contract of the produced of follows, even if it is well con-cealed.

As everyone knows, there has is supposed to deter people who seen an explosion of drug-related are apparently not discouraged been an explosion of drug-related murders in Washington: one a day last year, and possibly as many as two this year. You might imagine that all of us who live here go about in fear of our lives, but in fact the dangers have had no impact at all in the administrative centre, or the comfortable, leafy north-western section of the city. It is confined to certain well-defined sections of the black two thirds of the city.

You would hardly need a sociology degree to know that this is at root a social problem; but nobody is proposing social solutions, which would have to tackle schooling and employment oppor-tunities for the "minorities" - a large majority here - and espe-cially for the young. There is an acute labour shortage in Washington; there is also high unemployment among black youths. Many of them are virtually unemployable in the conventional world: drugs are both an escape and their only meaningful economic opportunity. Enter Mr William Bennett, the

new drug Czar, and recently an attacking and innovative educa-tion secretary. The right man, you might think to tackle the problem at its root. Instead, his main proposal is to build bigger prisons, and more of them. This

by a high chance of getting shot. This suggests that Mr Bennett is a stupid man, but he is not. He is simply succumbing to what is emerging as a besetting sin of the Bush administration — playing to the opinion polls. The American public seems to have been conditioned to the idea that the

way to confront any problem is to act tough. Firepower must be answered with firepower – and even with aerial herbicides. At least during the Vietnam war there was an effort at a hearts and minds campaign. Now even that enlightenment is missing.

Mr Bennett and Mr Bush must know better than this, and the

admirable Mrs Bush quite cer-tainly does; but the President is not at this stage concerned with long-term solutions. He not only faces a hostile majority in both houses of Congress, but he lacks the charisma which enabled President Reagan to recruit a majority for his central proposals even in a nominally hostile legislature. In these circumstances it is not

really surprising that he seems to be running not so much a gov-ernment as a continuing election campaign. The strategy seems aimed at the 1990 midterm elec-tions, at which he might hope to win a few vital seats. The fact

that the strategy has got off to a very poor start, with the loss of two "by-elections" which the Republicans might have hoped to win, can only make populism

ever more tempting.

Mr Bush can tackle problems which now seem to bore the public, like the Nicaraguan contras. Others, like Latin American debt never did bother the electorate much, and he has moved quite aggressively on the savings and loan crisis, for which Congress shares at least half the blame.

But faced with an issue in which public emotion is engaged from the great question of how to respond to Mr Gorbachev to the small one of helping to tackle the Alaskan oil spill - Mr Bush temporises. Anything he actually did might lose votes. Mr Jimmy Carter once remarked that running for President maximises the number of issues on which you have to be fuzzy. Unfortunately this is a rotten way to run an administration.

Even a strong President with clear ideas can get disappointing results under the Constitution: hence the current obsession with taxes in this tax-paying month. The tax reform proposed by President Reagan was elegant and economically lucid. By the time

Congress had accommodated all the special interests which finance its campaigns, most of the simplicity had gone. Even the tax accountants are confused. Mr Bush is trying to get to the

root of one part of this problem with his ethics code, which proposes to forbid Congressional candidates from taking funds from political actions commit-tees; if it were passed into law (which seems improbable), this would reduce the leverage of special interests.

The code would not, however, solve the problem of populism at both end of Pennsylvania Ave-

This led the Reagan administration to pay for personal tax cuts by shifting the burden to spending on research, the rush into deductible debt, and the pay-ment of low-taxed maga-salaries.

Against this background it is not surprising that the bipartisan Budget agreement announced on Friday is described by those who drew it up as lacking in boldness, nor that it fails to look beyond fiscal 1990. Its lack of detail, by the way, reflects the US budget process rather than any timidity; the Budget Resolution, the sub-



in Washington

ject of the pact, simply prescribes the totals which the various Congressional committees must achieve in their decisions.

In fair weather this ramshackle system works remarkably even with a cautious President and a hostile Congress; and in a real crisis the whole system can be galvanised into something formidable. Real life, unhappily, usually avoids these extremes neither a calm nor a storm, but usually choppy or foggy - or both. It is in these conditions that the Bush bipartisan system may behave a little like the carefully tuned automatic pilot which ran the Exxon Valdez onto a reef.

Economics Notebook

Warning in job vacancy ratios

A DECADE ago, the suggestion that a fall in UK unemployment to a little below 2m could almost certainly lower in the firstly, it says, the lead to accelerating wage and price pressures would have been lampooned. Last week, as official figures showed wages and salaries per unit of output rising at more than 8 per cent a year, nobody in the City was

Despite the high level of joblessness, reports of skilled labour shortages are common-

The worry in inflation-fearing financial markets is that wage cost pressures will replace excess demand as the main cause of inflation. At first sight, this apparent tightening of the labour mar-ket appears to be based merely

on innecdotal evidence and what some economists think is happening. But there is a more formal measure available.

The ratio of unemployment to vacancies shows the number of vacuaties snows the number of out of work for each job on offer. If there are fewer unem-played per available job, com-panies will find it more diffi-

cult to recruit. In other words, a lower ratio means a tighter lahour market. A simple "U/V ratio" can be a simple "u/v ratio" can be changed dramatically with calculated using Department of increased competition and Employment statistics. It is not rapid innovation of products ideal, if only because the official measure of vacancies ment has abolished exchange includes only those reported to controls and reduced reliance.

Job Centres (which are on other direct controls on

thought to represent about a third of the total). Yet the results appear convincing. Since the beginning of 1986, the ratio has fallen in overy quarter except the first three months of this year when it was stable. It is rare for a

trend to be as clear-cut. There are some qualifica-tions needed. The fall has been from an high level and could be a sign that the supply of jobs is moving nearer contilibrium with demand - not just 1970s and early 1980s.
in numbers but also in terms However, the paper believes of the skills required and locative would be wrong to conclude

early 1970s. Back in the 1950s there were even periods when official figures showed more vacancies than unemployed. However, despite the high level of unemployment, the prolonged fall in U/V ratio is almost certainly flashing warn-ing signals about labour cost

pressures.

That the ratio is higher than in the past merely highlights the problem of mismatches in the labour market.

Interest rates

Has the profound change in UK economic and financial conditions during the 1980s, reduced the effectiveness of interest rates as an instrument

of monetary policy?
A study published by the
Bank of England has shed
some light on this argument and provides some comfort for Mr Nigel Lawson, the UK Chancellor.

A number of factors could have made it easier to hedge against changes in base rates: Financial markets have changed dramatically with increased competition and on other direct controls on

The study's results initially seem to suggest impotency has indeed increased. It finds that long-term UK interest rates may have become more closely correlated with rates in other

Changes in domestic short-term rates - the easiest for monetary authorities to influence - have also become associated with smaller movements in long rates than in the

THIS WEEK

THE spending behaviour of the in base rates.

trial nations during the 1980s, Secondly, if the Government's anti-inflation stance has achieved greater credibilchange in sales volumes. On Friday the Central Statis-

ity, long-term rates would logi-cally be more stable and less responsive to variations in A third reason is that if long term interest rates are more stable, a small change could have as much effect as a large change in a unstable environquarter of 1988.

Dock strike

With the UK current account running at more than £14bn a year, cynics might argue that the much-mooted dock strike could be exactly what Mr Lawson needs.

Firstly, it says, the conver-gence of long-term interna-

tional interest rates may sim-

ply reflect the convergence of

inflation rates. Differentials

between average rates of con-sumer price inflation have nar-

rowed among leading indus-

Less welcome, however, a strike would add to inflationary pressures by increasing transport costs and pushing up prices for imported goods and raw materials. Eventually a prolonged strike would hit industrial production if essen-tial materials were in short

Moreover, the short-term impact on the trade deficit might be negative as compa-nies stockpile imported goods in anticipation of a strike. This could worsen April's trade fig-ures even if no stoppages take

Recent developments in the pattern of UK interest rates. Discussion paper 36. Economics division, Bank of England, Lon-don, EC2R &AH.

Ralph Atkins

UK consumer could provide a theme for financial markets this week, possibly affecting speculation about further rises

Today's retail sales figures will provide clues about the impact of high interest rates on spending in shops. February's figures showed a 3.1 per cent rise compared with the previous month, suggesting the expected slowdown will not be

The consensus of market forecasts, compiled by MMS International, the financial research company, is for March's figures to show no

tical Office publishes its preli-minary estimate of consumer spending in the first three months of the year, incorporating retail sales as well as other spending. The consensus is for no growth from the fourth

Further indications of interest rate effects will come in Thursday's money supply numbers for March. As well as showing the strength of borrowing they are used as measures of economic

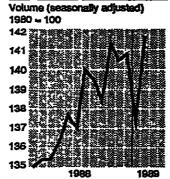
The consensus is for M0, the narrow measure of the money supply consisting almost entirely of notes and coins in circulation, to have risen by 0.5 per cent. M4, which includes bank and building society deposits is expected to have risen by 1.6 per cent. A £5.5hn (\$9.4bn) rise in bank and build-

ing society lending is expected. Industrial production figures February are released today. Analysts will be looking for evidence of output growth slowing. The consensus is for a fall 0.1 per cent in total industrial production but a rise of 0.2 per cent in manufacturing output.

In the US, the most closely watched statistic is likely to be

tomorrow's consumer price

index for March. Signs of mounting cost pressures as shown in producer price figUK retail sales



ures have intensified fears of rising inflation. The consensus is for a 0.5 per cent rise in the index, after 0.4 per cent in Feb-

In France, figures for indus-trial production in February are released on Thursday, pro-viding a guide to the strength accounts, including measures of gross domestic product are published on the same day. Australian trade figures are

released tomorrow. Analysts will be looking for signs of improvement after a \$A1.2bn (\$966m) deficit in February. West German money supply figures are expected some time this week. The Bundesbank council meets on Thursday but no change in interest rates is

expected.
Other events and statistics this week (with MMS International consensus in brackets)

Today: European Community finance ministers meet in Luxembourg. US, seven-year Treasury note settlement. Delors report on steps towards European economic and monetary union published.

Wednesday: US, Two-year

Treasury note announcement.
Thursday: UK, institutional investment in third quarter 1988. Provisional figures of vehicle production in March. Friday: US, Federal Budget (deficit of \$30bn) UK cyclical

UNIVERSIDAD COMPLUTENSE **DE MADRID**



HARVARD LAW SCHOOL

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FOR LAWYERS IN MADRID JULY 10 - 21, 1989



ILUSTRE COLEGIO DE ABOGADOS DE MADRID

Recently the UNIVERSIDAD COMPLUTENSE IN MADRID and HARVARD LAW SCHOOL came to an agree whereby "Harvard's Program of Instruction for Lawyers" will take place for the first time in Europe next July.

The different courses, which will be taught by the same members of the Harvard Law Faculty who traditionally teach them at Harvard, will offer an insight into the legislation and husiness practices in the international field.

The program is not only aimed at Lawyers but also at those professionals mindful of the increasing need for an awareness of international trends.

ureness of international trends. The courses will be given in English, although simultaneous translation into Spanish will be available in some courses. Participants may either assist to one or the two weeks of the Program selecting between the following courses.

The Law and Theory of Restrictive Trade Practices on Competition. Prof. Areeda
 Mergers and Acquisitions, Leveraged Buyouts and Hostile Takeovers. Prof. Clark
 Bosiness Planning: Allocations of Control and Financial Interests in Private Corporations. Prof. Hervitz
 Securities and insider Trading. Prof. Lost
 Alternative Dispute Resolution. Prof. Sander
 Banking Law. Prof. Scott
 Transnational Business Problems. Prof. Vogts

Banking Law. Prof. Scott
Transnational Business Problems. Prof. Voges
Understanding American Law and lawyers, an Introduction for European Lawyers. Prof. Von Mehren
US Federal Income Taxation of International Income. Prof. Warren
Criminal Process in the United States, Prof. Weinreb
Income Taxation. Prof. Wolfman
Negotiation Workshop. Prof. Fisher - Prof. Patton
Copyright and United Trade Practices. Prof. Miller
International Arbitation. Prof. Von Between International Arbitation. Prof. Von Mei U.S. Constitutional Law. Prof. Perker

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INTERNATIONAL CAPITAL MARKETS

EUROCREDITS

Greek loan stirs vigorous debate

AS THE first-quarter bull in the international loans market that a 20 per cent weighting continued into the second would apply. international loans market continued into the second quarter, a \$150m loan for Public Power Corporation of Greece stirred a vigorous debate.

As reported, Sumitomo Bank was awarded the mandate to raise the eight-year term loan at a margin of % point. The narrowness of the margin surprised many bankers. Most were expecting at least some element of a ½ point margin.

As often happens where there is competitive bidding, emotions have run high. Stories between the competitive bidding,

ries abounded that the terms were so fine that other Japa-nese banks would boycott the syndication. Not so, said Sumi-tomo. Two large Japanese banks were among those to have reacted positively as it put together a management

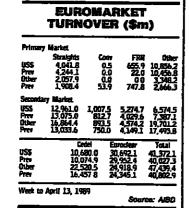
group.

There were also questions asked about the risk weighting

the ratio used calculating
the amount of capital to be set aside - that would apply for the loan, which is not guaran-

teed by the state.
The Basle capital accords suggest that for most public sector enterprises a 20 per cent risk weighting is applicable. However, if that public sector company is a commercial enterprise, it should carry a 100 per cent weighting (so it does not discriminate against

private sector borrowers). This would suggest a 100 per cent weighting for PPC. However, according to Sumitomo, the Bank of Greece, which appears responsible for deciding whether PPC is a commercial enterprise, has yet to make



However, given this uncer-tainty, some bankers were sur-prised that Sumitomo would be confident enough to bid at such fine terms. Sumitomo says while the weighting will have an impact on return on capital, it would not alter return on assets or actual

Elsewhere, quite a few banks claim to have deals ready to launch just around the corner. At least one large UK merger operation is under consideration but bankers reint out it. ation, but bankers point out it might fall at the final hurdle. In the UK, the sharp rise in interest rates was enough to scupper a number of deals. Some have gone back to the drawing board and will incorporate other financing fea-tures. Any worthy UK lever-aged operation is likely to be structured with a mezzanine structured with a mezzanine financing, the lack of which has retarded the growth of leveraged operations in the UK in the past and led, some argue, to an overdependence

on equity mance.

Elsewhere in the syndicated loans market, the Budapest-based Central-European International Bank mandated Deutsche Bank Luxembourg to arrange a \$50m syndicated loan. loan. It carries maturity of five years, after which the whole sum is repayable, and carries a margin of 43% basis points, with a 12% basis point commit-ment fee. The bank is owned by a consortium of Hungarian and Western banking interests. As a result, the loan is of the type that sets credit officers scratching their heads.

on equity finance.

The first company to take advantage of UK budget changes affecting the sterling commercial paper market signed a programme last week. Midsummer Leisure, a company with net worth of around £30m, benefited from a lowering of the net worth requirement to £25m from £50m. BZW

is acting as dealer.

Midland Montagu Australia announced a \$200m Eurocommercial paper programme, with Montagu, Citicorp, Daiwa, and First Chicago as the deal-

Stephen Fidler

INTERNATIONAL BONDS

Profitability recognised as challenge for Eurobonds

the current preoccupation of the Eurobond market, and not a moment too soon. More than product design, new issue vol-ume or market share, covering overheads with money to spare has been recognised as the challenge for participants.

chairing for participants.

However, the statement by
Mr Michael von Brentano,
chairman of the International
Primary Market Association, after the group's annual general meeting last Friday, was the industry's first acknowledgement of what officials have believed is an issue that needs to be addressed

"The deteriorating profitabil-ity of the Eurobond business is a cause for serious concern in the industry . . It is also in the long-term interest of the industry's clients that the Eurobond market is sufficiently profitable, since the

Euro-capital market has estab-lished a reputation as one of the world's most efficient mar-kets," Mr von Brentano said. While the words were oblique, the message is clear: unless Eurobond houses all refuse to underwrite unprofita-ble deals, losses will so deep and enduring that the core of the market will be forced out. Of course, an accurate pic-ture of profits and losses in the

Eurobond market is hampered by the fact that underwriters are often subsidiaries of securities firms or banks which do not report Euromarket operations separately.

However, a review of documents filed in the UK to comply with domestic corporation laws provides a few insights into just who is earning a

profit. The latest available data are mostly for the 1987 fiscal

while the Japanese houses as a group are the most profitable out of the top 10 Eurobond underwriters for 1988, even they are showing lower profits than in prior years.

For instance, for the year ended September 1987, Nomura International recorded an after-tax profit of £42.12m, after-tax profit of £42.12m, down from £47.25m in 1986. Daiwa Europe earned a profit of £6.61m, down dramatically from £29.97m in 1986 and Nikko Securities (Europe) earned a profit of £8.86m, down from £18.13m in 1986. Yamaichi International (Europe) has released results for the year ended September 1988 showing an after-tax loss of £3.78m, up from a 1987 loss of £1.31m: Credit Suisse First Boston showed a modest profit for the year ended December 1987 of £2.6m, up from £2.2m in 1986, although Deutsche Bank Capi-

tal Markets suffered after-tax losses of £13.2m against a profit of £3.67m in 1986. Morgan Guaranty's European operations showed an after-tax loss in 1987 of £132,000, slightly less than the £335,000 loss suffered in 1986.

By all accounts, 1988 was a much tougher year for profit-ability, reflecting in large mea-sure the reduction in Eurobond turnover. The first quarter of 1989 has been tougher still. Indeed, IPMA board man bers, responding to overwhelming concern about profitability, last Friday agreed to several changes in market practices that had been approved by an IPMA subcommittee earlier.

In addition to the widely-publicised move eliminating stabilisation costs as a deductible expense from co-managers fees, several other measures were approved. In total, these

measures force lead managers who want to underwrite unprofitable business to absorb more of the losses themselves, thus enforcing a form of disci-pline on the markets.

pline on the markets.

But improving market practices will not alter the overcapacity at the heart of the matter, says Mr Takumi Shibata, executive director at Nomura Securities. The real problem is that there are too many compa-nies chasing too little business for everyone to profit.

The Eurobond business suf-

fers because it is too easy for companies with international aspirations to set up shop, Mr Shibata said. "At this moment, barriers to entry are low for the Europeand business." the Europond business. Banks which already have a swaps capacity and trade gov-ernment bonds need little new

investment to enter the Euro-bond business.

By contrast, the equity-linked sector of the market, of which Japanese equity war-rants are the most visible prod-uct, has more barriers to entry but is more profitable. It is rare to see newly launched convert-ible Eurobonds in any currency trade at a discount to issue price, let alone below its

issue price, let alone below its underwriting fees.
In order to enter the business, firms need an infrastructure consisting of equity sales and trading staff as well as equities analysts specialising in a range of industries, all of which take years to build and massive injections of capital. There are fewer than 10 houses, mostly US and European, which dominate this sector and Mr Shibata believes that all of them are doing business profitably.

ness profitably. Norma Cohen

1						NEW INTE	RNATIO	nal bond issu	ES ·					10 × X	
Borrowers	Amount m,	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %	Borrowers	Amount m.	Maturity	Av. life years	Coupon	Price	Book runner	Offer yield
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IBM Credit Corp. ◆	200	1992	š	10	100 %	CSFB	9.650	Moon Bat Co.	30	1994		(¹ 2) (1 ¹ 4)	100	Banca del Gottardo	
Yomluri Land Co.4	100	1993	4	(45)	100	Nomura Int.	±	Sankei Building(s)**5	85	1994		(12)	100	Nomura Bk (Switz)	-
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Swedbank 	100	1996	7	11	101%	Bankers Trust Int.	10,607	STERLING			<u> </u>	<u> </u>			
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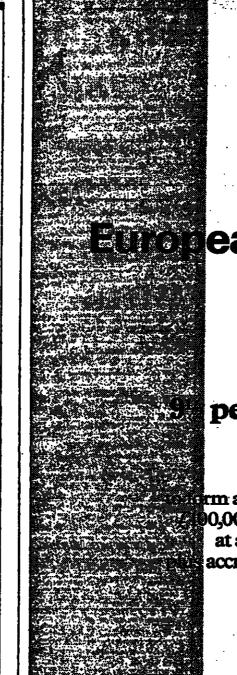
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ropean Investment Bank

Placing of a further issue of

£125,000,000 per cent. Loan Stock 2009

rm a single issue with the existing issue of 0,000,000 9½ per cent. Loan Stock 2009 at an issue price of 97.375 per cent. accrued interest from 9th December, 1988

La clays de Zoete Wedd Limited

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

link travel side with Wagon-Lits

By George Graham

HAVAS. THE French advertising and media group, is to merge its French travel agency business with that of Wagons-Lits, the Franco-Belgian travel and sleeping car

group.
The two groups will create
an equally-owned joint venture, whose name has yet to be decided, which will control nearly 600 sales outlets and have a sales volume of around

The joint yeature will in turn be closely linked to Wag-ons-Lits's international travel

ons Lits's international travel agency network, creating a group expected to rank third in the world.

Both partners have similar sales volumes in France, but Wagons Lits, which has developed the business travel segment, has fewer outlets than Havas Voyages, which has points of sale covering the whole French territory and whole French territory and focused on consumer travel. utive of Wagons-Lits, has been seeking to expand its international distribution network, approaching first Thomas Cook. Wagons-Lits' traditional

The French Government has recently been scratching its head over how to improve France's performance in the tourism industry, and officials concentration begun in recent

SSMC takeover completed

By Michael Marray in Hong Kong

HONG KONG listed Semi-Tech Microelectronics (Far East) has completed the takeover of US based SSMC, the consumer durables company best known for its Singer sewing machines. The deal represents the first Hong Kong takeover of a company listed on the New York Stock Exchange. The completion of Semi-Tech's successful tender offer followed a bidding war with a followed a bidding war with a group of Malaysian investors.

Havas to Plan for electronic debt auctions

By Janet Bush in New York

A NEW telecommunications service which would allow investment managers to bid directly for US corporate debt through an electronic auction will be formally announced today by Capital ink Securities and J P Morgan Securities.

Investment managers will be able to participate in the auction simply by using a floppy disk provided by Capital ink and a personal computer modern. The service is free for bidders with all costs paid by investment managers to bid

bidders with all costs paid by the issuer of publicly regis-tered bonds. Capitalink and J P Morgan have demonstrated the new system, which is clear and simple to use, to about 100 invest-

Alcoa leaps

further peak

ALUMINUM COMPANY of

America, the world's largest aluminium producer, has turned in another record quarterly profit thanks in part to

strong earnings from its Australian and Brazilian units.

Net profits for the three

months ended March 31 rose 54

per cent to \$276m, or \$3.12 a share, from \$178.7m, or \$2.02, a

year earlier. Sales rose 25 per cent to \$2.7bn from \$2.12bn. Healthy demand for its prod-ucts and favourable economic

conditions over the past 15 months continue, said Mr Paul

O'Neill, chairman. - "Demand

worldwide remains strong. Customers do not appear to be building inventory. Alcoa's

Inventories are up by design in the first quarter in anticipation of reduced production rates

this summer at the Davenport, Iowa, sheet and plate mill due

Alcoa's Australian and Bra-

zilian subsidiaries accounted for 44 per cent of the compa-

ny's first quarter profits

against 20 per cent a year ear-lier thanks to higher prices for

The group's worldwide ship-

ments rose 14 per cent in the quarter to 611,000 metric

tonnes. It earned a 21.8 per cent return on shareholders

to modernisation work."

ingots and alumna.

by 54% to

By Roderick Oram

in New York

ment managers and 50 corporate clients and expect to hold the first auction in mid-year, depending on the appropriate market conditions.

They intend to offer this service, at least to start with, for the issue of "plain vanilla" cor-

Mr David Jeffrey, president of CapitaLink, developed the idea of an auction for simple types of corporate debt which would be less complicated and cheaper for both corporate issuers and investors. The auction would bypass the underwriting system and

Mr Jeffrey estimates an issuer would pay a fee of 0.2 per cent compared with the 0.6 per cent

underwriting commission payable on investment grade cor-

CapitaLink auction offers investors a more transparent market. While plugged in for the auction, the investor can judge demand and pricing as other bids are recorded on the

Mr Jeffrey believes that the direct auction is an appropriate response to the increasing sophistication of both issuers and investors, many of whom have the expertise and do not want to go through an intermediary.

J P Morgan was approached

The manded the

by Mr Jeffrey, who needed the backing of a major name in the

financial industry to market the system as well as the potential access to J P Morgan's corporate client base. It is likely to be a J P Morgan client who will accept the challenge of being the first issuer. Mr Claus Löwe, managing director of J P Morgan Securi-

ties, said the idea was attractive to the bank partly because it had faced severe restrictions on its ability to underwrite debt and the auction system offered an alternative way for its clients to issue corporate

Mr Löwe believes the auction system will gradually replace underwriting for "plain vanilla" debt.

Merger costs hit Time profits

By James Buchan in New York

TIME INC, the large US publishing and broadcasting group, reported sharply lower profits for the first quarter of this year because of heavy expenses in arranging its planned merger with Warner Communications.

Time said it booked \$15m in expenses, or 22 cents a share. to cover the costs of lawyer sand investment bankers work-ing on the giant deal with Warner, which was announced On March 4.
These costs were the main

reason for the 26 per cent drop in Time's net income in the first quarter ended March, from \$66m or \$1.13 a share in the 1988 first quarter to \$49m

FOKKER, the Dutch aerospace

company which hopes to buy Short Brothers of Northern

Ireland, swung back into the black with a slim FI 13.3m (\$6.3m) net profit in 1988 from

a Fi 107m loss the year before.

Sales nearly doubled to Fl 2.05bn from Fl 1.06bn.

A dividend was passed for the second consecutive year in light of what Fokker called a

"modest" profit. But the maker

of short-haul and medium-haul aircraft said it "regards the

future with confidence, especially in view of the current

Fokker swings back into

order book.

Fokker has won a spate of

huge orders in recent months

and is trying to step up produc-tion. It has jointly bid with GEC of Britain for Shorts in

order to guarantee a steady

supply of wings for the Fokker

100. Shorts makes the wings

Fokker's turnround was achieved by subsidiary compa-

nies such as leasing firms and

an aerospace parts concern. They contributed FI 8.55m last

year compared with Fl 4.95m in 1987.

for the 100-seat plane.

profit on doubled sales

or 87 cents. Revenues rose sion only managed to break modestly from \$1.07bn to even. \$1.14bn.

Profits were also clipped by higher interest costs on money borrowed to finance new investments in magazines and cable television. The company also had a lacklustre quarter in its main magazine business. Though magazine revenues

rose 7 per cent to \$439m on the strength of circulation increases by Sports Illustrated and People, operating income fell from \$70m to \$61m because of increased postal expenses

and new development costs. Profits rose in the programming and cable television operations but the books diviadvertising at the paper.

• The New York Times Company, which publishes a string of newspapers and magazines and operates television stations, continued to suffer lower earnings because of poor advertising volume at its flagship newspaper.

First-quarter net income fell from \$45.5m or 56 cents a share to \$33.5m or 42 cents on an increase in revenues from \$416.9m to \$423.1m.

A succession of mergers and restructurings at New York City department store chains has caused a fall in retail

Bass puts AMI under pressure

AMERICAN Medical International, the US hospital management group which is being pressed by leading shareholders to sell or restructure its business, has received a fur-ther prodding from two members of the Bass family, writes James Buchan.
In a filing with the SEC that

became public on Friday, Mr Sid Bass and Mr Lee Bass of the Fort Worth family said they were considering seeking control or taking other steps to maximise shareholder value.

AMI has also received an offer of \$1.65bn or \$24 a share from a group led by a big shareholder, Mr Lee Pearce.

US\$5000

applied monthly

Statements issued quarterly



L'Espresso bid stocks to resume

By John Wyles in Rome

details of the cash and paper

L25.500 (\$18.6) per share of L'Rspresso through a L15,000 cash payment and 2.2 shares of its Cartiera di Ascoli paper manufacturing subsidiary. This values L'Espresso at append 5.760 by around 1.760bn

observers, Consob was evidently perplexed by the fact that, even after a two for three scrip issue to raise Cartiera's capital from L30bn to L50bn, the number of Cartiera shares issued would not be sufficient

in L'Espresso, Prince Carlo Caracciolo and Mr Eugenio Scalfari, the editor of La Repubblica, the flagship newspaper title which will pass to Mondadori, have agreed not to take up their Cartiera shares immediately. They will do so not later than March 1991.



Carlo De Benedetti: controls Mondadori publishing

trading

TRADING will belatedly resume today in the stocks involved in the takeover of the L'Espresso publishing com-pany by Arnaldo Mondadori Editori, Italy's largest publisher which is controlled by Mr Carlo De Benedetti, after an intervention by the Consol the stock exchange regulator.

After the announcement of

takeover on Thursday, the Consob suspended trading for a fifth day, requesting more information on the terms. In clarification, Mondadori says that it will be paying

In common with some

to fulfil the terms of the offer. It now appears that the 53.2 per cent majority shareholders

Computer groups urged to settle copyright dispute

By Louise Kehoe in San Francisco

THE judge hearing the software copyright dispute between Apple Computer, Microsoft and Hewlett-Packard - widely regarded as one of the most important cases in the history of the computer industry - has encouraged the parties to discuss settling their differences.

Setting a schedule for the proceedings in the case that could delay any hearings for as long as 12 months, the judge said that it was his hope that this schedule would "serve as a stimulant to settlement discus-

Apple declined to say whether any discussions between the companies were

already under way.

Microsoft said it "is always open to talk," while HP said it was eager to get on with the proceedings and "put this behind us."

The company's lawyers declined to comment on any discussions that "may or may not be under way."

At issue are programs devel-oped by Microsoft and HP to

provide IBM-compatible personal computers with a graphi-cal user interface similar to that on Apple Computer's Macintosh, with icons, overlapping windows and pull-down menus. Apple claims that the programs used by the others

infringe its copyrights. Hewlett-Packard has, however, filed a counter suit claiming that Apple's copyrights are invalid because the visual displays used on the Macintosh were derived from earlier programs developed at Xerox and

The court has already rejected Microsoft's contention it had obtained rights to Macintosh interface through a 1985 licensing agreement.

Unless an out of court settlement is reached, the court must eventually decide whether the "look and feel" of a computer display can be pro-tected by copyright. All three companies have

ware development riding on the outcome of the case.

Banque Privée advances by 5.5% to SFr16.8m

By William Dullforce in Geneva

BANQUE PRIVEE Edmond de Rothschild has reported a net profit of SFr16.8m (\$10.2m) for 1988, an advance of 5.5 per cent over the 1987 result It plans to pay shareholders an unchanged dividend of 20

per cent per share, which represents a yield of 1.9 per cent on the current price.

The bank, which went public in October 1987 with a small ue of bearer shares, focuses mainly on private portfolio

management. A research report by UBS-Phillips and Drew last December estimated that it had

SFr8bn in portfolios which it managed. Last year brought a slowdown in Banque Privée's earnings growth, which has

amounted to 90 per cent in the

past five years.

This was due mainly to the 14.7 per cent decline in net commission income resulting from the reduction in its stock market operations. Commissions at SFr49.3m

accounted for almost 54 per cent of total net income. Earnings before depreciation, allocations and taxes fell by 17 per cent to SFr40.9m. Declines in losses, deprecia-

tion, reserve allocations and taxes allowed the bank to post a higher net profit. Mr Jean-Pierre Rosfelder, the

bank's president, said abovebudget results in the first quarter of 1989 foreshadowed what he expected to be a good year.
The bank established a subsidiary in Luxembourg last October to ensure its place within the European single

A MONTHLY UPDATE ON 1992 FREE TO CORPORATE TREASURERS AND FINANCE DIRECTORS

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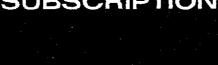
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INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Rally looks like a flash in the pan

BOND MARKETS rally for all manner of reasons but only unusually at a time of rising inflation. And rarely in the face of an uncertain currency.

Last Friday was an exception. Despite fresh evidence of rising producer prices and a modest weakness in the dollar, the US Treasury market had

its best day all year. The 30-year Treasury bond, which is the most volatile major issue because of its long maturity, rose 1% of a percent-age point to set a benchmark for long-term interest rates of under 9.03 per cent. Yields on three-month Treasury bills fell by a quarter of a percentage

point.
The equity market also recorded its biggest daily rise for the year at the prospect of cheaper money. Even those hybrids of stocks and bonds junk bonds - managed a mod-est recovery after several days of heavy selling pressure. By the end of the week, every-thing looked just dandy. But Friday's credit market

rally looks suspiciously like a flash in the pan. Long-term bond yields have been stuck in a range from 8% per cent to 9% per cent for a year and they will need a rare constellation of favourable events to go lower. As Mr Robert Brusca, money market economist at Nikko Securities, says categorically. "There is no such thing

as a rally in the bond market." The basis even for Friday's trading rally looks shaky. This was a set of economic reports, covering the month of March, which convinced at least some inflation bears that the US economy is slowing and pressure on prices is abating. The Federal Reserve, which has pushed up overnight interest rates by a full percentage point in its current anti-inflation campaign, has evidently had a

measure of success.

raised US\$30m from UK insti-

tutions and others for the pur-

ROC Venture Company will

A VENTURE to invest in be managed by a unit of the emerging Talwanese compa-nies has been launched by Ber-ment Corporation. The fund keley Govett, the Jersey-based will be unquoted but according fund manager, which has to Mr Charles Fowler, a direct

marked improvement on the increases of 1 per cent a month recorded in January and February. Meanwhile, manufacturing activity was steady or even slowed down in March.

Industrial production was unchanged for the second month in a row while the factory operating rate, which has been high enough to suggest the danger of shortages and higher prices, fell to 84 per cent from 84.2 per cent in February and 84.0 per cent in January. Business inventories increased

in February.
All these reports were much better than a bearish market expected. But they may not be

as good as they seem.

The increase in producer prices, at 0.4 per cent a month, still translates to wholesale price inflation of 5.5 per cent a year - as against inflation of only 4 per cent in 1988. If the only 4 per cent in 1998, it may price increases of January and February are added in, the first quarter has ended with an annual rate of 10.2 per cent, which has not been seen the

Prices of crude goods rose a steep 2.7 per cent in March, which suggests that an infla-tionary bulge has still to work its way through the production process. And the April rise in producer prices is likely to be quite steep because gasoline prices have risen in response

to the Alaska oil spill.

Meanwhile, a slowdown in manufacturing is the last thing the US needs. US industry must export capital goods if it is to tackle its trade imbalances with the rest of the world. But the Commerce Department on Friday reported that the US trade deficit wid-ened substantially in February to \$10.5hn, up from \$8.68hn, with imports rising and

exports stagnant.
The trade report was no worse than the credit markets Producer prices in March rose by 0.4 per cent. This is a general relief at the slowdown

will be unquoted but according

tor, it is hoped to "eventually

obtain a listing as its underlying investments go public in Taiwan."

in producer prices. But the foreign exchange markets were
less enthusiastic, with the dollar dropping more than a pfenning against the D-Mark and
half a yen.

Foreign exchange dealers
say the dollar is being supported by a scaffolding of high
short-term interest rates
erected over the past few
months by the Federal
Reserve. But for all the bond
market's insouciance, there
must be a question whether
the currency can hold in the
face of deteriorating trade
accounts.

As Mr Brusca puts it: "The dollar is being supported by financial fundamentals, not by real fundamentals. There is a possibility that people will see through the thin veil of finan-cial support and the dollar will tumble. In the bond market, I'm not saying there aren't trading opportunities for a bet on the economy weakening. But there are very important self-limiting factors in any bond market rally."

With junk bonds, it is hard

to know what is going on since the market, though large, is not very transparent. The mar-ket was on the way down all week and, on Thursday, prices of some issues fell by as much as a percentage point in rocky

do with the expulsion of Mr Michael Milken, the prime junk bond financier, from Drexel Burnham Lambert as part of the firm's deal with the Securities and Exchange Com-mission that day but this is not very likely.

Buyers of junk bonds are

seeking risk and a high return like stock investors rather than the relative security demanded by a traditional cor-porate lender. Because junk bond issuers are highly lever-aged and would suffer deeply in a recession, buyers of the bonds four accompning slow. bonds fear economic slowdowns. It is more likely that junk bond investors simply became agitated by prospects of a slowing economy that buoyed the Treasury market. Traders also say that the

market, though it encompasses bonds worth over \$160bn, is faced with a heavy offering of new issues over the next few weeks, perhaps amounting to \$9bn. The biggest piece of this is Drexel Burnham's \$4bn financing for the leveraged buy-out of RJR Nabisco. These bonds are likely to be some of the highest quality ever offered the junk bond market and it may well be that mutual funds and other professional inves-tors are making room for them.

US MONEY	MARK	ET RA	TES ((ኤ)	
	Last. Friday	1 week ago	4 wis. ago	12-month High	12-mont
ed Funds (weekly average) ince-month Treason talls. in-month Treason talls. in-month Treason talls. ince-month prime CDs -day Commercial Paper D-day Commercial Paper	4.40	9.81 8.79 8.77 9.95 9.81 9.82	9.56 8.62 8.65 9.90 9.85 9.85	10.00 9.11 9.12 10.35 9.90 10.05	6.27 6.21 6.21 6.77 6.65 6.65
US BOND PRI	CES #	MD Y	ELDS	(%)	
	Læst Fri,	Oti mik Cpassile	Yield	l week ago	4 城. 290
wes-year Treasury	100½ 101¼ 98¾	+1 k +3 k +4	9.23 9.16 9.03	9.37 9.25 9.10	933 923 9.12

Taiwanese fund launched

	PERFORMANCE INDEX							
December 1983 = 100	13/4/89	Average yield (%)	Last week	12 wis	26 vds ago			
Overali	147.99	4.96	147.83	148.46	145.88			
Government Bonds Manicipal Bonds Sont-gearanged Bonds Bank Debentures Corporate Bonds Ven-detecm, Foreign Bonds	148.28 149.75 150.72 141.87 149.78 153.71	4.77 5.21 5.26 4.87 5.40 6.12	149.10 149.60 150.60 141.74 149.64 153.35	149.31 150.74 151.78 141.34 148.40 151.93	147.10 147.03 148.22 139.18 145.44 148.82			
Goternment 10-yeart	4.96	_	4.95	4.89	5.00			

These securities have been sold outside the United States of America and Japan. This announced

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14th April, 1989



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Learning from history - or not

IT IS axiomatic of markets that if they sell a commodity in anticipation of bad news which then fails to take place, asset prices will tend to rise. Witness the gittedged securities market on Friday.

The retail prices index rose by 0.4 per cent in March to

by 0.4 per cent in March to take Britain's annual rate of inflation to 7.9 per cent. Something marginally worse had been expected and the market, which was also encouraged by Friday's US inflation and trade numbers, squeezed prices higher to end unchanged on

The indications are that the market remains concerned about the UK's short-term prospects. Is the past a guide? Hegel, the 19th century German philosopher, once noted that the only thing history teaches us is that we never

Undeterred by this, Mr Gavyn Davies at Goldman Sachs has produced a study which, in comparing how the UK fared during and after five periods of boom and bust from the late 1950s until 1979, attempts an assessment of the 1980s and offers some disturbing thoughts on the short-term

learn from it.

Mr Davies' verdict on the 1980s is that the Government has been successful in arrest-ing the decline of the 1970s but that UK economic performance has not returned fully to levels seen during the 1960s.
If the supply side had

improved one would expect to see rising productivity, real output rising relative to infla'The verdict on the 1980s is that the Government has been successful in arresting the decline of the 1970s but general economic performance has not

returned fully to levels seen during the 1960s' tion, import growth falling relative to domestic demand, export growth rising relative to world trade, and the level of unemployment consistent with stable prices lower than before. On all of these measures, the

UK during 1979-88 fared worse relative to the average perfor-mance throughout the previous five economic cycles.
There were improvements. Manufacturing productivity rose at 4 per cent a year compared with an average of 2.7 per cent in the previous cycles since 1960. (Whole economy productivity was worse: 1.8 per cent a year against 2.2 per cent a year.) The inflation record

was also better. Comparing the 1979-88 cycle comparing the 1979-85 cycle with the previous five, the good news is that inflation, which rose at 7.5 per cent a year, has been brought below the average of the previous 20 years (8.2 per cent a year) and that the latest cycle is the first

UK glits yields Restated at par (%) 11.0 Apr.14.1989

Apr 14,1988 10 years 20

since the 1950s during which the rate of inflation has fallen. The past, however, does not suggest a bright future for the UK. The most important fact to note, he says, is that price inflation has continued to rise for eight quarters after the peak in the cycle was reached. "The increase in price infla-tion following a cyclical peak in output growth can be quite large and has averaged 3.6 per; centage points after one year.

and 6 percentage points after two years in the five down-swings."

If, as Mr Davies suggests, Britain's performance has been closer to its experience during

the 1960s than the 1970s, then the economy is due for a prolonged period of stagflation.
The average acceleration in inflation during downswings in the 1950s and 1960s was around 3 to 5 percentage points from Three things mitigate a sim-

ple repetition of the past. Profits growth has been rapid and some of the anticipated rise incosts associated with a slowed down will be absorbed through lower margins; the relative shift in power to companies away from unions means they are demands and shed labour more flexibly; and the investment are boom should boost supply

But taking these into account the bottom line is past experience gives us little from for hoping that price inflation will decelerate rapidly. during the downswing and this must call into question whether the Treasury's forecasts for inflation will prove realistic." The Treasury's com-bination of 2 per cent growth and 4 per cent inflation in 1990 "is not consistent with previ-ous cyclical experience."

What of trade? The balance. of payments constraint has a reappeared as it has done on many occasions in the past but it during the 1979-88 cycle; a Britain's trade has deteriorated.

relative to the past.
Import volume growth has been faster (4.8 per cent a year, --compared with 4.4 per cent a year from 1960-1979) and exportgrowth much lower (just 1.6 per cent a year compared with 5.2 per cent a year).

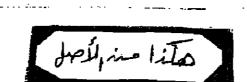
The upside is that history

suggests the current account starts to improve after two quarters, although not rapidly.

Simon Holberton

FT/AIBD INTERNATIONAL BOND SERVICE

AVORCAPICAL 64 91
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SASKATCHEWAR 12 97.
SEARS 0/5 FIN 0 98.
SEARS 0/5 FIN 11 9 93.
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UK COMPANY NEWS

The ongoing saga of a remarkable chain of events

Clay Harris, Vanessa Houlder and Philip Coggan chronicle the controversy surrounding Blue Arrow

HEY didn't say yes, but Mr de Savary's company, they didn't say no, so he Chainrock Corporation, which claims Canvey Island in the This account of Mr Tony Berry's relationship with fel-low directors at Blue Arrow in the waning weeks of 1988 appears to be the most plausible explanation for the act which triggered the recent remarkable chain of events at the UK-based company. Blue Arrow has been bedev-

illed by controversy ever since it became the world's largest employment agency through the \$1.3bn takeover of Manpower of the US in 1987. But in the past fortnight, attention has focused on a £25m interest-free loan facility it secretly extended to a property development scheme controlled by Mr. Peter de Savary, the British yachtsman and entrepreneur, who has bought John O'Groats and Land's End and more than a few-ports-of-call in between.

Although the £25m loan, and the ambiguous circumstances under which it was extended raises important questions about management decisionmaking and about what infor-mation should be disclosed to shareholders, it is but the last stage of a bitter power struggle which seems in retrospect inevitable from the moment Blue Arrow took over Man-

The full story behind the loan – news of which emerged at Blue Arrow's annual meetat the Arrows annual needing on April 3 — has not yet been told. To a large extent, this is because Mr Tony Berry—the bull-market architect of

Thames Estuary as its UK place of business, issued a writ against Blue Arrow just before this month's annual meeting, seeking an injunction restraining it from publishing any statement under a clause of the agreement.

Another de Savary-company has plans to build houses, shops, leisure facilities and light industrial premises on Canvey Island. Blue Arrow hoped to make a profit on the investment to defray its costs in sponsoring Mr de Savary's challenge for the America's Cup yachting competition. The sponsorship costs so far incurred by Blue Arrow will not be made public until the end of May, but are estimated to stand at about som.

In itself, the original decision to sponsor the America's Cur-was an odd one in commercial terms. Blue Arrow, in the main, was not a trading name, but a holding company for agencies such as Brook Street Bureau and the headhunter Hoggett Bowers. Following the takeover, promoting the Blue Arrow name was even odder given that the Manpower businesses how contributed the vast majority of the group's

In that context, it may have seemed attractive for Mr Berry to do a deal to insulate Blue Arrow's shareholders from the costs of the America's Cup

this is because Mr Tony Berry

- the bull-market architect of
the company's meteoric growth

- has kept silent since he was
deposed first as chief executive
on January 13, and then as
chairman 18 days ago.

Another reason why details
have been hard to glean is that

This announcement appears as a matter of record only

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The First National Bank of Chicago

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DG BANK Deutsche Genossenschaftsbank, London Branch

Irving Trust Company

Algemene Bank Nederland N.V.

Banca Commerciale Italiana, London Branch

Bayerische Landesbank Girozentrale, London Branch

The Toyo Trust and Banking Company, Limited

Commerzbank Aktiengesellschaft, London Branch

Morgan Guaranty Trust Company of New York

Slaughter and May

Barclave Bank PLC

Lloyds Bank Pic

Banque Indosuez

Credit Suisse

which funded the Manpower hid and, quite separately, hid and, quite separately, resulted in the current DTI investigation into County Nat-

On November 30 1988, a pro-posal concerning a deal with Mr de Savary was brought to the Blue Arrow board, but it did not take a firm decision either way. Instead, Mr Berry appears to have been told to "proceed with caution," or words to that effect. It seems, however, that the deal Mr Berry struck was substantially different from the one discussed earlier with the board. In particular, the earlier deal was expected to include a per-sonal guarantee from Mr de

When company chairmen are successful, as Berry was in building up Blue Arrow from a market capitalisation of just £3m in 1984 to a peak of £1.2bm in 1987, the occasional whim, like sponsorship of a sports competition or the directorship of Tottenham Hotspur, can be forgiven. Mr Berry's relaxed manner and his willingness to talk made him a popular figure in the City and in the press. Some of his closest colleagues at Blue Arrow, like former deputy chairman Mr David Atkins, were lifelong friends. In the circumstances, was unsurprising that Blue Arrow was seen as very much Berry's fiefdom. And having been abruptly sacked in 1981 as finance director of Brengreen,

of his new venture.

That determination helps explain the quick departure of Mr Christopher Castleman, the former Hill Samuel boss who was briefly Blue Arrow's chief executive after the Manpower takeover, and suggests that a

the cleaning company, Berry

was determined to be the boss



Tony Berry - architect behind Blue Arrow's meteoric growth

clash with Mr Mitchell Fromstein, former chief of Manpower and now chairman of Blue Arrow, was inevitable. Nevertheless, Mr Berry had agreed to the arrival of non-ex-ecutive directors, Mr Norman Tebbit, Mr Michael Davies and Mr Dennis Stevenson.

Blue Arrow's non-executive directors, who played a key role in sacking Mr Fromstein in December and then turning the tables on Berry only five weeks later, may not be beyond reproach. The members of the audit committee, at least, knew about the loan in early March and did not insist on disclosure when they signed off the 1987-88 accounts.

At some point before the AGM on April 3 the board decided it would have to come clean about the loan. What had changed? Was it that directors had realised that the deal was

a Class 4 transaction, because Mr de Savary was a director of a Blue Arrow subsidiary. If so, it would have required disclosure to the stock exchange.

Whatever the reason, it decided to try to lift the legal gag imposed by Mr de Savary. The ensuing court order gave a compromise solution, under which Blue Arrow was allowed to reveal the loan but not to the board's subsequent embar-rassment to explain the rea-son for its reticence. (It was not until four days after the agm, a court-agreed variation on legal conditions and a ship-board summit with Mr Fromstein that Mr de Savary broke his silence).
At the AGM, even the disclosure of the deal was botched -

from a public relations view-point, if not for pure drama. The news came, not volun-tarily from the chair, but as the unexpected answer to a question from Mr Michael Ashcroft, chairman of the electronic security and car auction group ADT and controller of a 5 per cent stake in Blue Arrow. Even though Mr Fromstein had intended to announce it, it appeared that the fact had been forced into the open.

What was more worrying than the fact of the loan, however, was Mr Fromstein's suggestion that its recoverability was in doubt. The board had commissioned a new survey of the Canvey Island project, which concluded that the land was worth just £13m in its present state. However given

the degree of secrecy surrounding the venture and the speed with which the survey was car-ried out, the survey is unlikely to have been a totally satisfactory affair. In any case, Blue Arrow is now undertaking a new survey. Mr Fromstein has expressed confidence that it will measure up to Mr de Savary's expectations of the

The story is not yet over.

Blue Arrow may be able to extricate itself from the dec Mr de Savary has said he will make some effort to find another partner to replace Blue Arrow. Mr Fromstein has said he is optimistic he will succeed and furthermore, that Blue Arrow will be able to reduce its commitment to the America's

land value.

And then there is the vexed question of the board. How can those who were responsible for ousting Mr Fromstein feel comfortable with working with him once again? That seems to be the predicament of non-executives Mr Tebbit and Mr Davies. The latter, however, has already said his offer to resign had been turned down by Mr Fromstein. Moreover, if Mr Berry, on his

own, was able to commit Blue Arrow to such a loan, ques-tions must be raised about the company's internal procedures. Mr Berry is thought to be insisting on a legal indemnity before he leaves. In any case, whatever the final outcome of the loan his departure seems a

Futura turns in £452,000

FUTURA HOLDINGS, the footwear maker and distributor, saw pre-tax profits inch up from the £451,000 for the 52 weeks to December 26 1987 to £452,000 for the 53 weeks to December 31 1988. There was no exceptional debit this time

However the second interim

pares with 17.5p in 1987, though that included a special dividend of 7.5p relating to the disposal of Latafoam Services. Group sales were marginally ahead at £6.01m (£5.98m) and

earnings were lifted to 7.95p (7.78p). There was an extraordinary debit of £53,000 (nil). Sinjul has lifted its stake in the company from 96,250 shares to 211,535 (5.62 per cent).

has been halved to 3.75p, to make a total of 6.25p. This com-

BOARD MEETINGS The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the pur-pose of considering dividence. Official indica-



Credit Commercial de France

U.S. \$100,000,000

Floating Rate Notes due 1992

For the six month period 13th April, 1989 to 13th October, 1989 the Notes will carry an interest rate of 10.55% per annum with a coupon amount of U.S. \$536.29 per U.S. \$10,000 Note payable on

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London

Agent Bank

\mathbf{X}

Scandinavian Finance B.V.

U.S.\$60,000,000 Floating Rate Serial Notes due 1993

Scandinavian Bank Group pic For the six months

17th April, 1989 to 17th October, 1989 The rate of interest has been fixed at 10% per cent and the interest payable on the relevant interest payment date, on the relevant interest payment data 17th October, 1969 against Coupon No. 13 will be US\$437.17 per Note,

Agent Bank: Morgan Guaranty Trust Company of New York London

Wells Fargo & Company U.S. \$100,000,000

Floating Rate Subordinated Notes due July 1997 In accordance with the

rovisions of the Notes, notice is hereby given that for the Interest period 17th April, 1989 to 17th July, 1989 the Notes will carry an Interest Rate of 101/2% per annum. interest payable on the relevant

interest payment date 17th
July, 1989 will amount to
US\$265.42 per US\$10,000 Note
and US\$1,327.08 per US\$50,000

Agent Bank: Morgan Guaranty Trust Company of New York

THE FUTURE OF TRANSPORT LINKS WITH THE CONTINENT

The Financial Times proposes to publish this survey on:

9th May 1989 For a full editorial systopsis and ivertisement details, please contac

or write to him at:

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FINANCIAL TIMES

U.S. \$100,000,000 Republic New York Corporation Floating Pate Subordinated Notes due July 2010

Notice is hereby given that for the period from April 17, 1989 to July 17, 1988 the Notice will corry an interest Pass of 10%th per arment. The interest paymble on the relevant interest paymet data July 17, 1988 will amount to U.S. \$292.25 per U.S. \$10,000 Principal Amount of Notes.

by The Chara Mankellin Bank, M.A.
London, Apart Bank April 17, 1989

Accountants institute upholds complaint over Gold Fields' ads

By Kenneth Gooding, Mining Correspondent

Accountants in England and Wales has upheld a complaint by Minorco, the South African-controlled investment company, that advertisements paid for by Consolidated Gold Fields or by consolidated Gold Fields and approved by the UK group's auditors. Ernst & Whinney, were misleading.

The institute's financial services authorisation committee had "sought and obtained certain assurances from France 2

tain assurances from Ernst & Whinney," said Mr Brian Harris, head of the institute's professional conduct investigations committee. Although the investigations committee found there had been a prima facie breach of its investment business regulations, no disciplinary action would be taken, he added.

Minorco said at the weekend that it was very disappointed with the outcome. "The insti-tute has virtually let Ernst & Whinney off without even a warning. The least we would have expected was the publication of a proper statement by Ernst & Whinney or Gold Fields to correct the impres-sion given by those misleading

Sir Michael Edwardes, Minorco's chief executive, made the formal complaint to the institute in December about a full-page advertisement in national newspapers under the headline: "The ultimate bar chart."

At the time there was a luli in the bid battle because Minorco had withdrawn after its offer had been referred to the Monopolies and Mergers

THE INSTITUTE of Chartered Commission for investigation. The complaint centred on the impression given by the advertisement that there had been a 200-fold growth in Gold Fields' gold reserves when Minorco believed there had

been a six-fold increase. "We can demonstrate that claims made in the advertisement are misleading," Sir Michael protested to the institute. He asked that "Ernst & Whinney as the persons responsible for authorising the issue of the advertisements issue immediately a correction with equal prominence (ie, a double-page advertisement in each of the newspapers in which the original advertise-ment appeared) to make clear that Gold Fields does not own or control the reserves or pro-spective production claimed."

• Gold Fields focussed over the weekend on what it called "management failings" at

Minorco in its latest letter to shareholders urging them to reject Minorco's £3.5bn hostile bid. It questioned the independence of Minorco and the record of its "new" executive management team. "Minorco's board, while claiming to be independent, consists over-whelmingly of directors with strong affiliations to its parents, Anglo American, De Beers, and the Oppenheimer family," Gold Fields said. It claimed also that Minorco's "new" executive management various roles throughout most of the 1980s ... they are responsible for Minorco's dismal record.

FT Share Service F & C Pacific ahead

Net asset value of F & C Pacific Investment Trust stood at 193.8p at January 31 compared with 148.9p a year earlier and 174.6p at the half year end. Net revenue, after tax of

£955,000 (£744,000) amounted to £2.21m against £1.15m for earnings per share of 2.07p (1.09p). A final dividend of 0.8p (0.78p) is proposed, to lift the total for the year from 1.08p to 1.2p.

The following securities were added to the Share Information

Service in Saturday's edition: Associated British Consultants (Section: Industrials). Blue Circle Inds. 75% Conv. Cum. Red. Pref. shares (Build-Clarke (T.) (Electricals).

Hoskins Brewery (Third Market). Ross Catherall (Engineering).

US\$28,000,000 ort-term Gusranteed Note Issued in Series under a

Mount Isa Mines (Coal Finance) Limited

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Manufacturers Hanover Limited · Issue Agent (a member of The Securities Association)

17th April, 1989

U.S. \$75,000,000

The Bank of New York Overseas Finance N.V. Incorporated with limited liability in the Netherlands Antilles Guaranteed Floating Rate Subordinated

Notes due January 1996 tionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by The Bank of New York Company, Inc. (Incorporated in New York, USA) Notice is hereby given that the Rate of Interest has been fixed at

10.3125% p.a. and that the interest payable on the relevant interest Payment Date, July 17, 1989, against Coupon No. 22 in respect of U.S. \$10,000 nominal of the Notes will be U.S.\$260.68 April 17, 1989, London
By: Citibank, N.A. (CSSI Dept.), Reference Agent CITIBANCE

US\$200,000,000 Georgateed Floating Rate Notes: Repayable at the Option of the Holder at par Commencing October 1982 Citicorp Overseas Finance Corporation N.V. (Incorporated with imited liability in the Netherlands Antilles)

Unconditionally guaranteed by CITICORP®

Notice is hereby given that the Rate of Interest has been fixed at 10.125% and that the interest payable on the relevant Interest Payment Date, July 17, 1989 against Coupon No. 37 in respect of US\$,10,000 nominal of the Notes will be US\$255.94.

April 17, 1989, Landon By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

£200,000,000 MFC Finance No.1 PLC
Mortgage Becked Floating Rate Notes Due October 2023
In accordance with the Terms and Conditions of the Notes, notice is hereby given that the new interest rates and periods in Pespect of the subject Notes are as follows:—
Period/Payment Date
Series A 5th April to 3 May
Series B 6th April to 5 May
13.175
Series F 14th April to 12 May
13.055

Financial times stock indices										
]	Apr 14	Apr 13	Apr 12	Adr 11	Apr 10	Apr 7	High 1	Low 1	Since Con High	i Low
Government Secs	86.20	85.84	85.92	86.06	86.16	86.08	89.29	85.84	127.4	49.18
Fixed Interest	97.05	97.15	96.77	96.77	97.16	97.24	99 59	95.93	105.4	50.53
Ordinary	1691.0	1669.9	1674.0	1672.8	1669.4	1683.0	1761.1	1447,8	1926.2	49.4
Gold Mines	192.5	189.2	187.1	185.6	187.2	189.0	196.1	154.7	734.7	43.5
FT-Act All Strare	1060.63	1049.82	1051.87	1050.65	1048 43	1058 56	1101.68	921.22	1238.57	61.92
FT-SE 100	2053.6	2028.7	2033.0	2031.3	2025.0	2045.7]	2125.4	1782.8	2443.4	966.9

Barclays Bank PLC

Standard Chartered Bank

Legal Adviser to the Banks Linklaters & Paines

March 1989

FT UNIT TRUST INFORMATION SERVICE *For Current Unit Trust Prices on any telephone (listed below). Calls charged at 38p per min

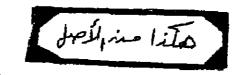
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UNIT TRUSTS

STATEMENT OF THE **AUTHORISED UNIT TRUSTS** | Comparison | Com MGM Unit Massagers Linft (2000)H

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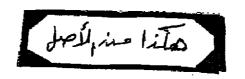
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FT UNIT TRUST INFORMATION SERVICE *For Current Unit Trust Prices on any telephone ring direct-08364 + five digit code (listed below). Calls charged at 38p per minute peak and 25p off peak, inc VAT Chrys. Price Price Price Price Cry. Offer Yarld City-Price Grees line Offer Vield City-Price Grees Made Assignment GEMERALI Space 117 Furchance St. Langue ECMs 507 117 Furchance St. Langue ECMs 507 118 Furchance E The LAS Group JD George St. Estimates JD George JD George St. Estimates JD George JD 031-225 8494 827.4 128.7 128.1 129.1 129.1 129.5 Editaburgh Famil Mingrs PLG Execut Free! Research F 103.1 213.0 197.0 138.7 120.6 134.9 129.2 200.5 149.8 222.7 198.6 162.7 198.6 162.7 198.6 162.3 See Jap Cot Apr 14. | 226.7 | 265.8 | 0.10 | 40372 | Fidelity Investment Services List | Magnifers Printo. | 114.7 | 217.5 | 267 | Robert Fleming Asset Magnifers | 1.67 | 268.6 | Am Launet Apr 11. | (254.50 | 259.77 | 1.67 | 268.6 | Am Launet Apr 11. | (254.50 | 259.77 | 1.67 | 268.6 | Am Launet Apr 11. | (254.50 | 259.77 | 1.67 | 268.6 | Am Launet Apr 11. | (254.50 | 259.77 | 1.67 | 268.6 | Am Launet Apr 11. | (254.50 | 269.77 | 1.72 | 269.7 | Am Launet Apr 11. | (254.50 | 269.77 | 269.77 | 269.77 | Forcisin & Colonial Press, Magn List | Earner French | (254.50 | 269.77 | 269.77 | Amplo-Nicolon | (254.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | Managet Earner | (257.50 | 269.77 | 269.77 | 269.77 | Managet E 70W.5 103.5 103.6 187.6 204.9 184.5 155.4 128.0 155.0 155.0 174.0 174.0 174.0 174.0 174.0 1758 1453 2017 2017 2015 1302 2011 2017 1003 Landhant Sees Acc. 205 Da. 30 Landhant Sees Acc. 205 Da. 30 Landhant Sees Acc. 205 Da. 30 Road Sectionary Exchange Road Landhange E13 Road Landhange E13 Road Landhange E13 Road Landhange E14 Road Landhan 01-2837101 366 7 366 7 358 0 449 8 241 6 244 6 234 3 290 0 159 7 172 1 164 1 Special St. 241. Enguity & Law Antersteen Road, High Wyces UK Equities. Soc. Higher Income. Soc. Property St. 222. Fract Income. 222. Cod Outlier Co. 222. Cod Outlier Co. 223. With America. 223. Far East. Europe. 241. Intersectional 324. Intersectional 325. Milling 421. \$51687193465444469) @##348854555774866665744875) @\$58885458585657485744875 inklal pri For other pri 587.7 6411.7 6411.8 767. Clerical Medical Im Harrow Pials, Gristol SS, Perhantaner Persiste With Power Company of the - 4845/ Gasata - 4252/ - 4252/ - 4252/ - 4252/ - 4252/ - 4252/ - 4252/ - 4252/ - 4252/ - 4252/ National Financial Management Corp PLC 72 Sathouse 86. Aylethury, HP19 3XJ (296-395539 Managed Cartionary, 106-2 111 6 — 1 132 9 — 1 133 9 — 1 133 Pers. Managed Initial Pers. Managed Initial Pers. Managed Acc. Pers. Equity Acc. Pers. Facility Acc. Pers. Facility Initial Pers. Initial Pers. Initial Pers. Prp. Acc. Pers. Prp. Acc. Pers. Initial Pers. Prp. Acc. Pers. Prp. Acc. Pers. Initial St. In. Pers Ind-Ltd. St. In. Pers Ind-Ltd. St. In. Pers. Ind-Ltd. St. In. Pers. Ind-Ltd. St. In. Pers. Ind-Ltd. St. Acc. Prizon to April 12 Unit deadings on Valley State of State 1143 125,6 205,6 6723 137,1 269,5 137,9 404,9 513,7 151,3 166,1 # 12 4.4 4 4 12 12 18.5 ## 12 18.5 ## 12 18.5 ## 14.20 ## Black Horse Life Ass. Co Lid Mountaine His, Chelham, Kest. Life Panis. 1985. 38 The Managed Ford 1985. 38 The Jaconic Fanis 1985. 77 534.72 Frantington Life Insurance Ltd 3 London Wall Buildings EC2H SNQ Punions Manager Fund... 165.04 90.54 Punions Case Fund...... 174.95 78.90 153.0 计数据 一般分 流出 205.1 256.4 251.5 26.8 100.5 114.8 117.6 154.5 120.7 140.7 140.7 **INSURANCES** 48 Gracechurch Managed UK Equity Oversens Eq. Americas Far East Property Flood Int Commercial Union Group St. Helen's, 1 Vertex both, London ECS

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FT UNIT TRUST INFORMATION SERVICE	For Current Unit Trust Prices on any telephone ring direct-0836 4 + five high court (listed helps): Calls charged at 35n per minute peak and 25p off peak, inc VAT

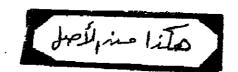
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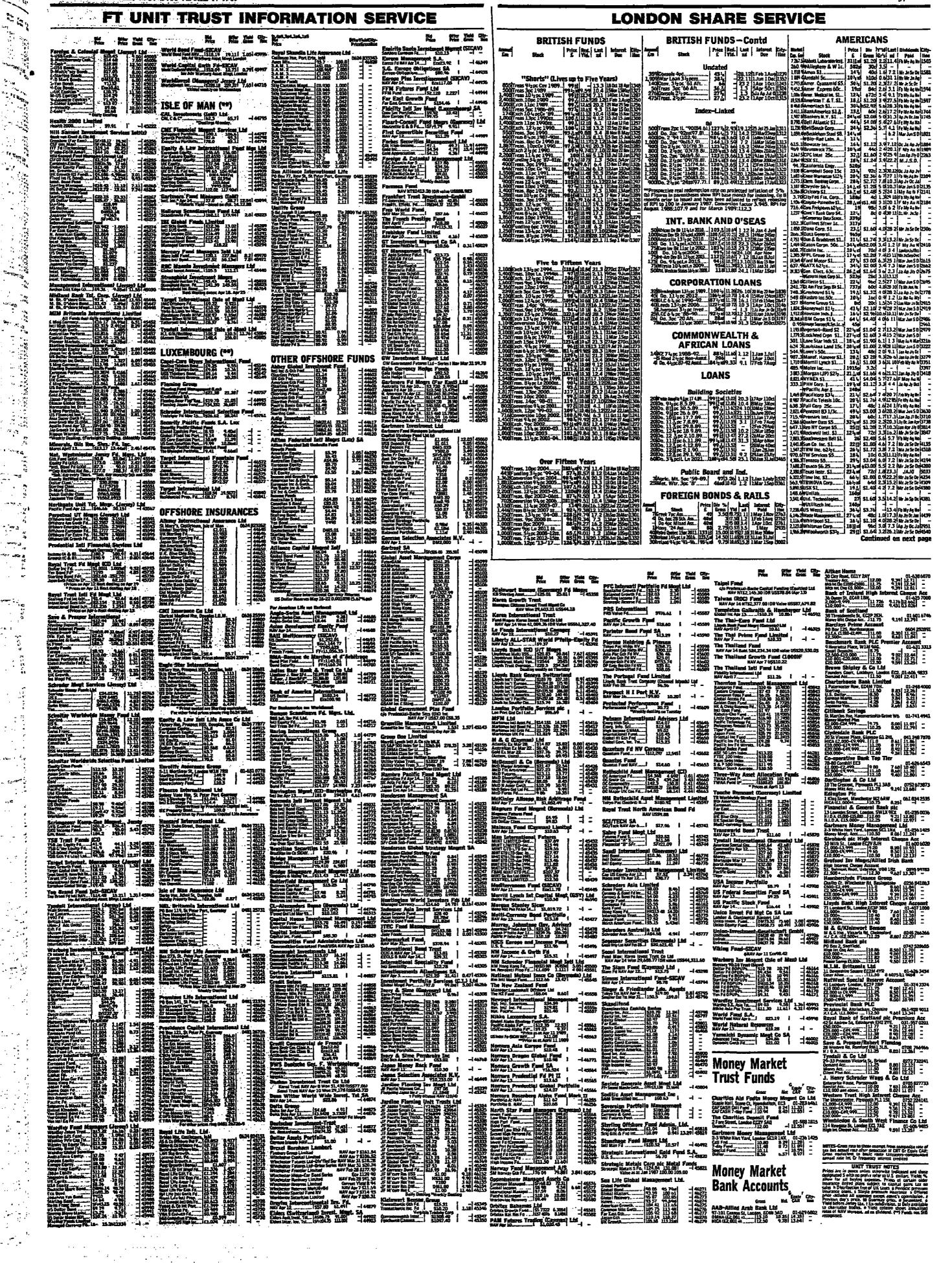


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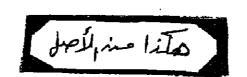
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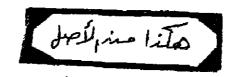
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17. 34-WD Alvertizing 123 1.0 20.1 February 1230 1.0 4.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1	33.05PLiT Can IID	9. 9/9 Soms Gwalla NL 263 9.4 - 4055 4852 - 4055

CURRENCIES, MONEY AND CAPITAL MARKETS

CURRENCIES AND MONEY REVIEW

Inflation holds sway over trade data

sharp I per cent gains in January and February. The rise of 0.4 per cent in the March PPI, compared favourably with fore-

casts of around 0.5 per cent. Forecasts for the February

rade deficit ranged from about \$9.50n to \$110n, and averaged \$10.2bn according to a survey by Money Market Services. The

resulting shortfall of \$10.5bn was again therefore no major

shock to the market.

The main problem for the US is that although Friday's figures were in line with expecta-

tions there was no sign of any major improvement in the eco-

nomic picture. Producer prices for the first quarter rose at a seasonally adjusted 10.2 per cent, the largest quarterly gain for eight years. The PPI rose 4

per cent in 1988 and 2.2 per cent in 1987. How much of the

rise in wholesale prices has so far fed through into retail

inflation will become clearer

when the US consumer prices index for March is published

CURRENCY RATES

THE NET result from Friday's barrage of US economic news was that the dollar weakened. as expectations of tighter US monetary policy faded.

Inflation has become the

main focus of attention on the foreign exchanges, possibly because the market cannot see any marked shift in the pat-tern of world trade in the fore-

seeable future.
Mr Neil MacKinnon, senior economist at Chase Investment Bank, noted last week that the bank's dealers were much more interested in forecasts for US producer prices than in the trade ligures.

This does not mean the mar-ket is no longer concerned about the US trade deficit, but it is running at a fairly predict-able level and is less likely to send shock waves through the market than a sudden rise in

inflationary pressure.
In the event neither producer prices nor the trade data contained any great surprises. Inflation at the wholesale level

£ IN NEW YORK					
Apr 14 Close Previous Clase					
£.Spot	1.7040-1.7050 0.37-0.36cm 1.15-1.13cm 3.53-3.43cm	1.6975 - 1.6985 0.39 - 0.37pm 1.23 - 1.20pm 3.80 - 3.70pm			
Forward premis	ms and discounts as	oly to the US dollar			

	STERLIN	g ind	EX
		Apr 14	Presions
8.30 9.60 10.00 11.00 Noon 1.00 2.00 3.00 4.00	2m 2m 2m 2m 2m	55 4 4 4 4 4 4 4 5 5 4 5 5 5 5 5 5 5 5	\$5.4 \$5.5 \$5.5 \$5.5 \$5.4 \$5.5 \$5.5 \$5.5

Apr.14	Bank rate %	Special* Drawing Rights	European Cerrency Unit			
French Franc Italian Lura Japanese Yen Kornav Krone Stanish Peseta Saedish Krona Swiss Franc Graek Drack Irish Punt		0 764562 1.29815 1.54233 17.1044 50.8842 9.45053 2.42949 8.22573 1785.59 172.654 8.82372 151.103 8.28090 2.15363 305.784 0.910548	0.653597 1.110785 1.311668 14.6402 43.9550 8.09006 2.08043 2.34731 7.03871 1525.78 146.790 7.55396 7.07139 1.83238 176.934 0.779790			
*All SDR rates are for Apr.13						

			<u>-</u>			
Apr.14	URO-CL Short term	7 Days notice	One Month	Three Months	Sir Months	One Year
ling Dollar Dollar Dollar Suider Franc Schmark Franc Jan Live Fr (Con.) Grone	111:-114 94:93 123-124 63:-53 63:-53 63:-63 53:-63 8-73 84:-73 44:-43 93:-94	12-11-4 12-12-12-12-12-12-13-13-13-13-13-13-13-13-13-13-13-13-13-	1213-1213 1213-1213 1213-1213 64-64 64-64 64-64 12-123 12-	13:-13:4 10:-10 12:-12:4 6:-6:4 6:-6:4 6:-6:4 6:-6:4 8:-8:4 8:-8:4 8:-8:4 8:-8:4 8:-8:4 10:-10:4	131-131-131-131-131-131-131-131-131-131	134-134 104-105 124-124 74-65 611-615 91-812 91-812 81-84 41-45 41-45 41-45 104-104

Long term Eurodollars: two years $10\frac{1}{4}$ - $10\frac{2}{4}$ per cent, twee years $10\frac{1}{4}$ - $10\frac{2}{4}$ per cent; five years $10\frac{1}{4}$ - $10\frac{1}{4}$ per cent nominal. Short term rates are call for US Dollars and Jag Cays' notice.	or years 10 ¼-10 ½ per navese Yen; others, two
FYOLINASI ODOCO DARRO	

Apr.14	£	5	DM	Yen	F Fr.	S Fr.	H FI.	Ura	CS	8 Fr.
£	1	1.699	3.178	224.5	10.75	2.805	3.585	2332	2019	66.50
	0.589	1	1.871	132.1	6.327	1.651	2.110	1373	1.188	39.14
DSA	0.315	0.535	1	70.64	3.383	0 883	1-128	733.8	0.635	20.93
Yen	4.454	7.568	14.16	1000.	47.88	12.49	15.97	10388	8.993	296.2
F Fr.	0.930	1_580	2956	208.8	10.	2.609	3.335	2169	1.878	61.86
S Fr.	0.357	0.60a	1133	80.04	3 832	1	1.278	831.4	0.720	23.71
H FI.	0.279	0.474	0.B86	62.62	2.999	0.782	1	650.5	0.866	18.55
Lira	0.429	0.729	1.363	96.27	4.610	1.203	1537	1000.	0.866	28.52
C S	0.495	0.842	1.574	111.2	5.324	1.399	1.776	1155	1	32.94
B Fr.	1.504		4.779	337.6	16.17	4.218	5.391	3507	3.036	100.

MONEY MARKETS

Pressure eases on **London rates**

UPWARD PRESSURE on London interest rates eased on Friday following publication of the March UK retail prices index and various US economic

In early trading on Friday three-month sterling interbank was offered at 13 7/16 per cent. virtually discounting a rise of ½ point in UK bank base rates. Recent comments from Mr Lawson, the Chancellor, had left the market heavily discounting a year-on-year infla-tion rate of 8 per cent, but it was not the first time that bad

news has been allowed into the

market prematurely, only to be followed by relief when the result was not quite as bad as expected.

The inflation rate of 7.9 per cent was only slightly better than feared, but pushed gilts up about % point. London money market rates also fell back, with the three-month rate soon offered at 13 5/16 per

The situation was further helped in the afternoon, when US producer prices rose 0.4 per cent in March, against fore-casts of 0.5 per cent, while fig-ures on US industrial production and industrial capacity use were weaker than expec-

Fading fears of tighter US monetary policy gave a further boost to sentiment in London.

UK clearing bank base leading rate 13 per cent from November 25

Longer gilts finished with gains of over 3/4 point and interest rates continued to fall. Three-month interbank was offered at 13 3/16 per cent at the close, in spite of continued rumblings in the City about higher base rates. Greenwell Montagu Research believes there is a better than even chance that rates will have to rise to 14 or 15 per cent.

YAMAICHI ADVANCED Technology Fund Société Anonyme R.C. Luxembourg B 21,960 NOTICE OF MEETING

Notice is hereby given that an Extraordinary General Moeting of shareholders will be held at the registered office at 10A, Boulevard Royal, Luxembourg, on Wednesday, 26th April, 1989 at 11.00 a.m.

in order to resolve about the following:

Amendonent of the articles of incorporation to change the status of the Corporation into a societé d'investissement à capital variable and consequent amendonents to articles 1, 2, 3, 5, 6, 7, 8, 11, 12, 13, 16, 20, 21 deleting of article 22 and remunisering of the subsequent articles, amendonents to the renumbered articles 22, 23, 24, 26 and 29 of the articles. Such achanges shall comprise the provisions required or permitted by the law of 30th March, 1983 on collective investment undertakings and certain assendments to the company law. Furtherent the object of the Corporation is reworded as follows:

The exclusive object of the Corporation is to place the funds available to it in transferable securities of any kind with the purpose of spreading investment risks and affording its shareholders the results of the management of its portfolio.

portune.

The Corporation may take any measures and carry out any operation which it may deem useful in the accomplishment and development of its purpose to the full extent permitted by the law of thirdest March mineteen hundred eighty-eight regarding collective investment undertakings.

The shareholders are advised that no quorum is required for the holding of the meeting and resolution must be passed by an affirmative vote of two thirds of the shares present or represented at such meeting.

Proxy forms containing the detailed changes to the articles are available upon request at the registered office. In order to be valid, proxy forms duly complete must be received at the registered office on April 25, 1959 at 11.00 s.m. at the latest.

tomorrow. The February CPI showed year-on-year inflation running at 4.8 per cent, against an average of 4.4 per cent in the last

As far as trade is concerned there is also no indication of an improving picture. The deficit averaged \$9.6bn per month in the second quarter of last year; \$9.3bn in the third quarter and \$10.1bn in the fourth. After a downward revision to the January deficit to \$8.68bn from \$9.5bn the average for the first two months of this year is

Attention is now focused on inflation, but if this should show signs of improving later in the year the focus could turn back towards stubbornly high trade and budget deficits.
Mr Rupert Thompson, US
economist at Morgan Grenfell,
said President Bush's agreement with Congressional negotiators to cut the budget deficit to \$99.4bn from an initial fig-ure of \$128bn in the 1990 fiscal

CURRENCY MOVEMENTS

Apr. 14	£	5
Argentina	87.2900 - 87.5000 3.0990 - 2.1005	51,4000 - 51,600 1,2355 - 1,236
Austrella Brazii	16290-16990	19950 - 1 0000
Finised	7 1145-7.1395	4.1920 - 4 1940
Greez	248.60 - 273.10	158.40 - 160.9
Hong Kong	13 2075 - 13 2210	7.7790 - 7.7800
179	120.60°	70.30
Korea(Sth)	1129.85 - 1138 95	664 60 - 670.00
Kowak	0.49330 - 0.49420	0.29050 - 0.2910
Luxenbourg	66.45-66.55	39.10-39.20
Malaysia	4 6300 - 4.6415	2.7260 - 2.7300
Mexico	4073.00 - 4077.00	2400.00 - 2410.0
9. Zestand	27775 - 2.7825 6.3655 - 6.3730	T6260 - T6382
Sandi Ar	13235-33205	3.7500 - 3.7510
Singapore S. Af (Cm)	4 225-4 3365	1.9535 - 1.9555 2.5475 - 2.5505
S. Af (Fil)	6.6900-6.8245	3.9370 - 4.0160
3. 34 trny Talwan	44.05-46.15	27.10 - 27.15
U.A.E.	6.2340 - 6.2395	3,6725 - 3,6735

year must be regarded with scepticism. It might not pass the full Congress and the fig-

ure is likely to become progressively harder to meet if US

sively harder to meet if US growth is slowing.
Other figures announced last Friday suggested that growth is weakening. Industrial production was unchanged in March, against expectations of a 0.2 per cent rise, and industrial capacity use in the same month fell to 84.0 per cent from a revised 84.2 per cent in February. According to a survey by MMS the February figure was expected to be 84.3 per

was expected to be 84.3 per

Mr Thompson said that in the present circumstances the Federal Reserve cannot afford to tighten its credit stance.

That is why the dollar weak-ened, but it could be a different story tomorrow if the March

CPI rises sharply. An annualised inflation rate of 4.8 to 4.9

Colin Millham

per cent is expected.

POU	POUND SPOT- FORWARD AGAINST THE POUND							
Apr.14	Day's spread	Cless	One month	9% P.2	Three moutls	7 <u>7</u>		
LS Canada Canada Netherlands Setgium Cerman's Irelands Setgium Cerman's Ireland Section Sectio	224 - 225 223 - 2245 22.33 - 22.45 2.79 - 2.81	1.6%5 - 1.6995 20180 - 20190 3.28 - 359 64.45 - 64.55 1.1925 - 1.1935 3171, -318 262.25 - 263.35 173.0 - 197.40 20314 - 23324 11544 - 11554 10.74 - 10.75 10.804 - 10.814 224 - 225 223 - 237 280 - 281	0.39-0.36cpm 0.15-0.00cpm 13-13 cpm 28-23cpm 43-40cppm 13-13 pm 2-35-03cs 37-35cpm 13-13 ppm 13-13 ppm 13-13 ppm 13-13 ppm 113-11 cpm	2654 607 407 407 607 607 155 169 169 169 169 169 169 169 169 169 169	118-114-00 0.39-0.24-00 54-54-00 87-79-00 14-13-5-00 54-53-5-00 12-1016-0 75-6-00 12-117-0-0 45-4-00 45-4-00 44-45-00 44-45-00	2.73 0.62 6.39 4.41 4.69 6.86 1.43 1.30 4.49 1.60 8.34 6.68		
Belgias rate i 3.55-3.45cps	s con ver tible francs. F	leancial franc 66,80-6	56.90 . Six-month f	orward do	lar 2.23-2.18cpm	12 months		

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR									
Apr.14	spread	Close	One month	P.A.	months	91			
Kt	1.6930 - 1.7010	1.6985 - 1.6995	0.39-0.36cpm	2.65	1.18-1.14pm	2.73			
elandt	1.4195 - 1.4260	1.4260 - 1.4270	0.27-0.32cds	2.49	0.78-0.8941	-234			
mada	1.1860 - 1.1890	1.1870 - 1.1880	0.19-0.230%	-2.12	0 60-0.66ds	-2.12			
etheriands .	2.1070 - 2.1205	2,1095 - 2,1105	0.64-0.62cpm	3.57	1.88-1.84pm	3.52			
elgium;	39.10 - 39.35	39.10 - 39.20	7.00-5.50cpm	1.91	22.50-19.50pm	214			
nmark	7.2612 - 7.3015		1.10-0.85cream	1.60	3.25-2.85om	1.67			
. Germany	18675 - 18795	18695 - 18705	0.61-0.59gfpm	3.84	1.78-1.75cm	3.77			
أخوساء	154.80 - 155.40	154.80 - 154.90	40-55alls	-3.68	120-170dis	-3.75			
sis	116.15 - 116.80	116.15 - 116.25	7-9cdis	-0.82	41-45ds	-L4			
ا ولا	1371 - 1378	13724 - 13734	1.20-1.70 lireds	-1.27		-1.53			
ringy			0.45-0.70ereds	-1.01 1.66	1.35-1.65ds 2.65-2.55com	-9.88			
2002 reden	6.31% 6.35%	6.324 - 6.324	0.90-0.85cpm	.iœ	1.85-2.1548	1.64 -L26			
		6.36-6.36½ 132.10-132.20	0.50-0.65credis 0.63-0.61yon	5.62	1.87-1.84om	5.60			
946	1318-13224	1321 13215	4.10-3.70g-com	355	12 40 11 20mm	35			
etterland .	1.6425 - 1.6585	1.6500 - 1.6510	0.54-0.51com	381	1,62-1,58pm	3.87			

	N	IONE	Y RAT	'ES		
NEW YORK			Treasur	y Bills and	Bonds	
(4pm)		Bae recoth Two prooth		8.12 Three 9.05 Four	year year	9.37
Prime rate Broker loss rate Fed funds Fed funds at Intervention	. 103-5 - 95	Three mostls Six mostls See year Swe year		8.89 Flex 9.13 Series 9.35 10-pt	727 727 27	9.30 9.25 9.18
Apr.14	Coernight,	One Month	Two Months	Thres Months	Str. Months	Lombard Intervestion
Frankfist Paris Paris Zurks Austerdam Tokyo Milan Brussels Dabile	5.75-5.85 8-81, 43-51, 6.37-6.50 381-4 121,-121, 8.60 8-81,	5.90 6.05 84-852 54-64 6.43-6.53 48-415 114-124 77-8 77-8	6.05-6.20 81 ₂ -81 ₁	6.256.40 85-85 65-65 48-44 124-124 83-85 84-85	6.55-6.70 84-8%	6.00 7.25 - - - -

L	OMDO	N MC	NEY	RATE	S	
Apr.14	Overnight	7 days notice	Ose Month	Three Montes	Six Moetls	One Year
Interbank Offer Interbank Bid Interbank Bid Sterling Cbs. Local Authority Deps. Local Authority Bonds Discount Mix Deps. Company Deposits Finance House Deposits Finance House Deposits Finance Bills (Buy) Bank Bills (Buy) Bank Bills (Buy) Dollar Cbs SDR Linked Dep Offer SDR Linked Dep Bid ECU Linked Dep Offer ECU Linked Dep Offer	11 7 104 105	ni ni	1212 121222	nani, Annananages nani, Annananages	1111	13.4 13.4 13.4 13.4 13.4 13.4 13.4 13.4
Traccury Bills (sell). one-month 12½ per cer eliscount 12.6 126 p.c. 6 Agreed rates for period A 14.37 p.c. Reference ra p.c. Local Authority and Houses Base Rate 13½ per cent. Certificates of 9½ per cent, one-three ra cent, plue-twelve mounth Deposits withdrawn for	nt: three mo CGD Fixed R April 26,198 nte for perio Finance Ho from April 1 Tax Beposit nonths 11 per s 11 per ces	mths 12 1 miles	er cent; Tro Export Fla: 3 , 1989, Sc to March days' notice nk Deposit E100 Six months	easury Bills; ance, Make i heme I: 13.9 31 . 1989, c others sev lates for sun),000 and on 11 per cent	Average to ap day Marcino p.c., Sche Scheme IV/ en days' fix ns at seven der field under strong six-nine mit	oder rate of h 31, 1989, mes il & hit LV: 13,068 ed. Finança ays notice 4 r one month ombs 11 per

FT LONDON INTERBANK FIXING

offer 103

é months US Deliars

(11.00 a.m. Apr.149 3 months US dollars

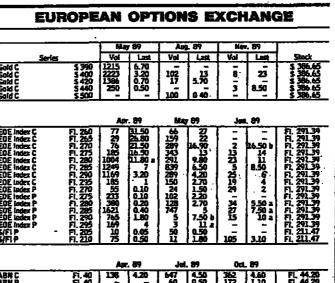
The finity rates are the arithmetic means rounded to the nearest one-chategoria, of the bid and offered rates for \$1.0m quoted by the market to fire reference basins at \$1.000 a.m., each whiching day. The basis are Batilonal Westmanner Bank, Bank of Tokyo, Doutsche Bank, Banque Hauleual de Paris and Morgan Supranty Trass. BANK OF ENGLAND TREASURY BILL TENDER											
BANK OF	ENG	LAI	ID TI	REASURY BIL	L TEN	DER					
	A	pr. 14	Apr.7		Agr.	4 Apr.7					
Balls on offer Total of applications Total allocates fillingum accepted bid Allotagest at minimum lener		100m 229m 100s: 6.855 5%	£100m £185m £100m £96.855 94%	Top accepted rate of discount Antrage rate of discount Antrage pield Amount on offer at next tend	12 614 12 612 13 622 13 620 14 6100	6% 12 6146% 6% 12 5707% 1% 12 9774% E100m					
WEEKLY (HAN	GE	IN W	ORLD INTER	EST R	ATES					
LONDON	Apr.14	Τ,	davige	NEW YORK	Apr.14	charge					
Base rates	1587		lactra -12 1.0419 Instra lactra	Prime rates	11½ 91 8.92 9.15 10.25	Hedr'd Hedr'd -0.23 -0.18 +0.05					
Band 3 Bilts	121	1 1	incirid incirid	Combard One min. Interback Three month PARIS	6.00 5.975 6.325	Unch'd +0.050 Unch'd					
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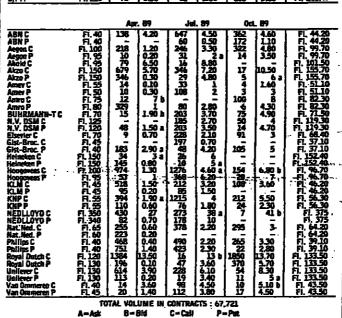
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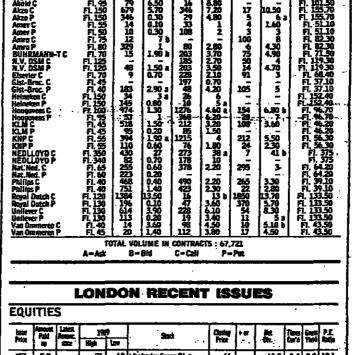
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

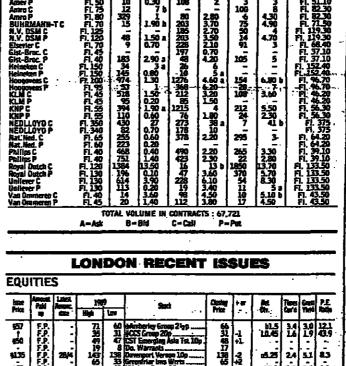
1	NATIONAL AND REGIONAL MARKETS	}	FRID	AY APRIL 1	1989	-	THUR	SDAY APRIL	13 1967	DC	LLAR IND	EX :
	Figures in parentheses show number of stocks per grouping	US Dollar Index	% Change Since Dec.30 88	Pound Sterling Index	Local Currency Index	Gross Div. Yleid	US Dollar Index	Pound Sterling index	Local Curtency Index	1 988/89 High	1988/89 Lew	Yekr age _ (apprex)
١	Australia (89)	129.07 122.82	-10.7 +28.0	112.63 107.17	106.10 119.82	5,24 2,10	129.22 122.38	112.89	106.45 118.99	157 12	128.28 92.84	119,78 92,32
1	Belgium (63)		-1.2	116.42	129.47	4.11	133.55	116.67	129.76	136.68	128.52	127.02
1	Canada (1,27)	135.00	+7.5	117.80	116.08	3.29	133.96	117.04	115.24	137.27	124.67	123.86
ı	Denmark (38)	174.80	+2.6	152.53	172.96	1.91	174.78	152.69	173,17	180.38	165.35	119.22
1	Finland (26)		+17.6	134.34	135,47	1,48	155.21	135.60	136.48	156.37	125.81	124.99
ı	France (1.30)	120.01	+4.3	104.72	119.07	3.00	118,77	103.76	118.16	120.01	112.57	87.24
ı	West Germany (100)	87.74	-0.3	76.56	85.30	2.25.	87.63	76.56	85.33	90.40	81.77	78.72
í	Hong Kong (49)	130.52	+16.7	113.90	130,37	4,04	130.16	113,72	130.01	133.77	117.80	102,22
	Ireland (17),	147.41	+11.9	128.63	145.61	3.46	145.72	127.31	144.24	147.41	125.00	120,83
1	Italy (98)	81.90	-3.8	71.47	83.98	2.50-	80.68	70.48	82.91	86.88	78.16	78.86
1	Japan (455)	188.80] -1.4	164.75	157.71	0.48	188.32	164.52	157:43	200.11	180.30	175-25
1	Malaysia (36)	173.96	+21,2	151.80	182.77	2.62	174.41	152.37	185.31	174.41	145.35	125.99
ł	Mexico (1.3)	171.99	+6.3	150.08	452.25	1.14	173.48	151.56	457.20	173.48	153.32	136,06
1	Netherland (42)	119.89	16.6	104.61	115.45	4.46	118.75	103.74	114.57	119.89	110.63	109.36
ı	New Zealand (24)	66.84	(-1.1	58.33	58.11	6.78	67.33	58.82	58.52	76.02	-66.84	76.97
1	Norway (26)	187.53	+35.0	163.64	173.02	1.55	185.82	162.34	171_50	187.53	139.92	125.32
1	Singapore (26)	152.87	+22.2	133.40	137.69	1.99	151.41	132.28	136.06	152.87	124.57	.107,86
ı	South Africa (60)	144.86	+24.0	126.41	125.91	4.01	143.56	125.42	125.03	144.86	17572	129,24
ı	Spain (42)	153.25	+3.3	133.73	134.90	3.58	153.39	134.01	135.32	154.03	143.14	152.24
1	Sweden (35)	154.93	+7.1	135.19	145.93	2.35	156.30	136.55	147.45	162.00	138.45	121.13
1	Switzerland (57)	76.66	- <u>1.8</u>	66.90	78.44	2.34	77.33	67.56	78.96	79.76	74.05	82.22
ı	United Kingdom (316)	145.06	+7.2	126.59	126,59	4.47	143.32	125.22	125.21	153.33	134.53	139.18
1	USA (562)	122,66	+8.4	107.03	122,66	3.59	120.78	105.52	120.78	122.66	112.13	105.80
1	Europe (1008)	119.49	+4.2	104.27	110.87	3.59	118.56	103.58	110.16	-120.86	114.02	109.72
ı	Nordic (125)	152.10	+8.5	132.72	148.86	2.01	152.68	133.39	149.59	153.98	137.95	112.30
1	Pacific Basin (679)	183.92	131	160.49	154.23	0.70	183.47	160.29	153.97	194.72	176.37	170.17
1	Euro-Pacific (1687)	158.16	+0.3	138.02	136.93	1.59	157.52	137.62	136.50	164.22	152.83	146.00
1	North America (689)	123.30	+8.3	107.59	122.27	3.57	121.47	106.12	129.46	129.36	112.79	106.77
ŧ	Europe Ex. UK (692)	103.46	+1.8	90.28	101.18	2.89	103.01	89.99	100.90	103.46	98.84	91.46
ł	Pacific Ex. Japan (224)	125.52	+0.8	109.54	110.54	4,58	125.45	109.60	110.57	137.65	123,48	108.96
1	World Ex. US (1887)	157.23	+0.7	137.20	136.26	1.66	156.57	136.78	1.35.61	162.77	152.04	-145.07
1	World Ex. UK (2133)	143.67	+2.6	125.37	132.15	2.04	142.64	124.61	131.28	146.04	138.06	129.03
1	World Ex. So. Af. (2389)	143.78	+2.9	125.46	131.66	2.25	142.68	124.65	130.74	146.65	138.82	129.92
1	World Ex. Japan (1994)	122.23	+6.6	106.66	118.09	3.63	120.81	105.55	116.79	122.37	114.51	100.16
1												<u> </u>
t	The World Index (2449)	143.78	1 +3.0 l	125.47	131.61	2.26	142.68	124.65	130.69	146.51	138.83	129.92

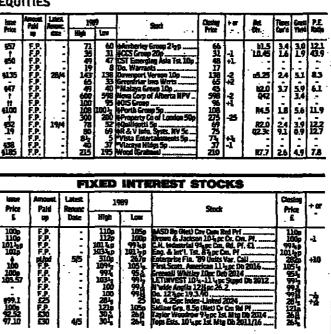
Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1986 = 139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local); Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited, 1987 Constituent changes: deletions: April 10: Emery Air Freight and West Point Pepperell (both US).

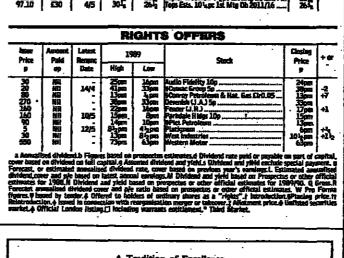




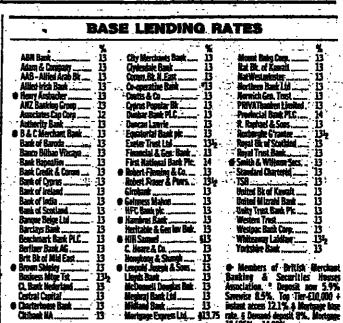


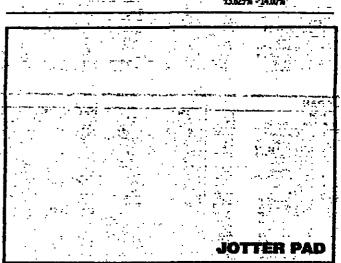






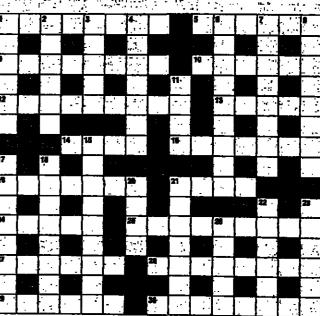
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No.6,911 Set by VIXEN



ACROSS 1 Crowd MPs score off (8) 5 Insufferable party returning credit notes (6) 9 A scholar's sent round unac-

9 A scholar's sent round unac-companied to get seafood (8) 16 Dope is set before one here in Italy (6) 12 Exceptionally endear-ing – so cordial (9) 13 Had some idea how N.E.D.C. operated (5) 14 The pest may get shot! (4) 16 Assault causing much ill-feeling among lawyers? (7) 19 Man on the board given a drink (7)

19 Man on the board given a drink (7)
21 Parking in a former tip (4)
24 Pointless though popular Oriental exercise (5)
25 Circumference of prime tree coming to grief (9)
27 Pop back hurt but hrave (6)
28 A number given clerical employment will show great precision (8)
29 Sound footwork, that's plain (6)

(6) 30 Sweets returned under pres-

8 A girl stuffing a carrier in

Burington House (5)

4 Appearing to understand old Chinese (7)

6 Make a speech Diana's way (9) 7 New-found relation from the

7 New-found relation from the
East (8)
8 Cheats twist the French
going aboard (8)
11 The guy backing British
Rail must be simplet (4)
15 Lands fruit – and that's
where there's danger in the
main (9) main (9) 17 Naval officers, mild as can

17 Navai onicers, mine as can be about army personnel (8). 18 American settler taking soft drink with a grimace (8) The sort to work in an office

21 Tasty fruit to Capri raisers

22 Carries off some of the Waste – also treats it (6)

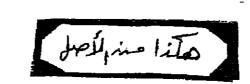
23 Battle over a newspaperman
and get worn out (6)

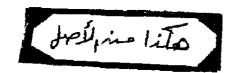
26 Doctor with practice, a little

beast (5)

. . .

1 Trade involving coins (6)
2 Men are possibly more penny-pinching (6)
with names of winners on Saturday April 20 urday April 29.





WORLD STOCK MARKETS

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Business Column

The Snooks factor in European alliances

The chief executive of a leading European mul-tinational was most amused a few months ago when one of his competitors, Britain's GEC, revealed that it was planning to transfer many of its constituent businesses into joint ventures with Sie-mens of West Germany, CGE-Alsthom of France, and GE of

America.
"That's a novel concept of industrial organisation," be joked. "A parent company with nothing beneath it but a string of joint ventures." His crack was not entirely

fair to GEC's managing director, Lord Weinstock. At the time, if one includes the alli-ances which GEC was propos-ing with Siemens as part of their joint takeover bid for Plessey, it was planning to put almost half of its operations under joint control with various partners. The subsequent rewriting of the GEC-Siemens plan to make it closer to a straightforward break-up of Plessey, and changes to the GE deals, have cut the proportion, although discussions with various French companies, includ-ing CGE, could result in it being raised again.

The anonymous chief executive was completely justified, however, in pointing to the business risks involved in GEC's sudden rash of alli-ances. As this column reported when the deals with GE were announced in January, the failure rate of alliances – over 80 per cent, according to some researchers — is far higher than for fully-fledged mergers and acquisitions, which them-selves are notoriously hard to manage, especially across

international borders This failure rate does not include alliances which - by mutual intent or surreptitiously - become takeovers by stealth, with the weaker partner giving way to the stronger. This process is often grad-ual, as in Honeywell's slow departure from computers via its French partner, Bull, and in the slow Philips exit from public telecommunications favour of America's AT&T.

GEC's joint ventures

But, with the signature of GEC's deals with GE last Thursday and CGE-Alsthom late last month, it is only fair to point out that many of Lord Weinstock's critics may have failed to consider what might be called "the Snooks factor."
In an interview last Decem-

r with the FT's industrial editor, which many people seem to have overlooked, Lord Weinstock hinted that some of GEC's joint ventures might be used as stepping stones to an eventual exchange of busi-

In a phrase which deserves an entry in the dictionary of quotations. Lord Weinstock commented that "maybe we are going to say to Snooks: You have ambitions to be big-ger in this. in which we are not very interested. But we would like to have that, in which you are not so interested. So can we arrange some sort of swap?" If this is the strategy behind at least some of GEC's new joint ventures, then Lord Weinstock deserves more credit for far-sightedness than he has been given in recent months.

Whether Jack Welch, the chairman of GE, or Pierre Suard, his opposite number at CGE, regard themselves as likely Snooks is difficult to determine. But Welch, espe-cially, is aware of the scope for large business swaps, having helped ploneer the genre with his 1987 exchange of the \$3bn US consumer electronics business of GE/RCA for the medical systems interests of France's state-owned Thomson

group.
The Snooks factor may also The Snooks factor may also provide the key to one of the continuing puzzles of West German industry: why Daimler-Benz persists in holding on to the domestic appliance interests of AEG, which it acquired mainly for its strength in electronics and strength in electronics and

other high technologies.

Daimler has reiterated constantly its reluctance to sell the business, pointing not only to its profitability but also to its beneficial effect on AEG's public image. But it must be a fair bet that, in the lengthy international horse trading which has just begun in European aerospace and defence equipment, AEG appliances will carry a very high swap value. But who will be its

DON'T think capitalism is a

"I DON'T think capitalism is a dirty word. Inside every human being there lives a small capitalist. Everybody wants some resources of their own and they are happy when they achieve a little more independence for themselves through their savings, owning a car and house. But there are faces of capitalism I am very much against — capital used for racist or inhuman purposes."

poses."
Sweden's Finance Minister,
57-year-old Kjell-Olof Feldt, is 57-year-old Kjell-Olof Feld, is the unrepentant champion of market socialism. During the 1980s he has been the architect of Sweden's economic revival and now intends to carry through a financial revolution designed to make the country more efficient and competitive. more efficient and competitive.

His free market views have stimulated a wide-ranging debate inside the Social Democratic Party as it draws up its programme for the next decade. His enemies, particu-larly in the powerful blue-collar trade union federation, fear that he wants to abandon fundamental socialist principles. But he expresses confidence that his ideas will win the day.

Mr Feldt wants to update the party programme, unifying its ideology and practice. "For practical purposes we have been working for a long time been working for a long time to make the market economy better," he argues. "We have passed legislation to encourage competition. We have a very open trade policy. In dealing with production the market has the priority. We have in many respects reduced the power that comes from wealth or the big stockholders in the corporations.

"Our party programme is based on the idea that there is something wrong with a society where power is distributed according to economic resources. This basic principle has placed as year important. has played a very important role in our practical policies, in trying to redistribute economic resources and attack accumulation of capital through high taxation — though I wouldn't say that has been a great suc-cess when you see how the system actually functions."

But Mr Feldt also believes the Social Democratic pro-

gramme is wrong to assert that the market economy "is bad by its nature so we have to fight it." He argues that "by its nature it is a dynamic and effi-cient economic system, which produces the best results in this imperfect world that I can see - as long as it is influenced by the democratic forces operating in a free society. I have never believed in planned economies. I have seen the results and I saw them earlier than some of my colleagues in

Mr Feldt is committed to a radical reform of Sweden's taxTHE MONDAY INTERVIEW

A champion of market socialism

Robert Taylor and Sara Webb speak to Kjell-Olof Feldt, Sweden's Minister of Finance

ation by 1991, to switch much of its burden from personal incomes on to services and capincomes on to services and capital, together with a tightening up on allowances. "We have a tax system that is one of the few in the world where you can actually get rich by exploiting it." he says, referring to the ability of skilful tax advisers to shrink their clients' tax bills close to vanishing tax bills close to vanishing point. "Some believe Sweden is a tax haven where you can make money without making any effort," he claims, though it was his party that built up the present chaotic system. He is also aware of opposi-tion to what he wants to

PERSONAL FILE 1931 Born, Holmsund, Swe-

den. Educated Uppsala University 1957-70 Civil servant at Ministry of Finance, first as secretary to the pen-sions commission, then budget secretary and

under-secretary 1970-75 Appointed Minister of Commerce and Industry
1982 Appointed Minister of

achieve. "Everybody grumbles about tax reform. I found that for every Swede who thinks they will benefit from the changes I propose there are 50 others who find parts of the reforms that will harm them, like reducing tax deductible allowances and the use of com-

pany cars."

He believes that most people will come round to see the sense of changing the tax sys-tem. Even those Social Democrats who were initially sceptical of tax reform, he says, realise that it has become "a political fact." But he points out that the Social Democrats lack an overall majority in Parliament. While he should have no trouble getting parliamen-tary approval for tax reductions, he may have proble raising the lost revenue by other means, like increasing

indirect taxes.

Mr Feldt believes that one of the reasons why Sweden has a higher inflation rate than its neighbours is because of the high levels of marginal taxa-tion and the way the system encourages borrowing rather than saving. "We have a pecu-liar way of taxing small savers but are very generous to those who speculate on the stock market and real estate and finance their activities through heavy borrowing. We make it easy for old companies to make large untaxed profits but rather difficult for those who want to open up new businesses in a serious way. There has been new blood but I'm not sure it has been the right

Mr Feldt admits that he is disturbed by the excesses of the new wealth his own poli-cies have indirectly helped to create. "I'm astonished by young people, especially in Stockholm. There are many 25-year-olds here already earning more than I do - importing cars, selling artefacts, driv-ing round in Rolls-Royces." But he also believes won't last as long as they would like it to do."

Mr Feldt has spent most of his public life in the Ministry of Finance. In the 1950s and 1960s he worked as a civil servant under the influence of Sweden's legendary Finance Minister Gunnar Strang and only entered Parliament in 1971. It was the late Olof Palme who put him in charge of Swedish economic policy when the Social Democrats returned to power in September 1982 after six years in opposition. He has never really looked

back since. Today Mr Feldt enjoys widespread admiration for his financial skills. He has built up a group of young aco-lytes, many of whom have been promoted to posts throughout the Government machine. But he is also a favourite among employers and financiers, though many of them dislike his occasional punitive moves against capital, designed perhaps more to reassure his doubting party col-leagues than to aid the market economy. A combative television personality, he is also highly regarded by the average Swede in the street.

As the current chairman of the finance ministers commit-tee of the Organisation for Economic Co-operation and Devel-opment, Mr Feldt is well aware that a small country like Sweden cannot manage its economy alone any longer. "There
is no national sovereignty in
the economic field. You cannot
decide your own destiny. You
have to be part of an international world. This is not to say
that we are fatalists or we have
to accept European prography. to accept European unemployment rates of 10 per cent. Peo-ple think we can fine tune our economic development by using national instruments alone and not take into account their impact abroad but we can't." Seven years ago Mr Feldt devalued the krona by 16 per cent and this pro-vided the necessary stimulus to ensure a revival in indus-trial competitiveness. Such moves may be much more difficult now without adverse world reaction.

Sweden intends to abolish its remaining foreign exchange controls this year. It plans



'I have never believed in planned economies'

rapid completion of the deregulation of its financial system started in earnest about three years ago, something to which Mr Feldt is strongly commit-ted. He thinks it is "right for Sweden and good for Europe if we can join the four free mar-kets that the European Community is creating of goods, services, capital and labour." But he is less interested in the suggestion that Sweden should join the EC one day. "You can't sell out your neutrality for a 1 per cent growth in your gross domestic product," he

At the moment Mr Feldt is busy preparing a deflationary budget for 25 April, designed to cool down the overheated Swedish economy. "The basic problem at the moment is the low rate of increase in productivity," he argues. "According to our statistics, overall pro-ductivity actually fell last year. Sweden has dropped below the international average during the 1980s, though we don't really know the reason why." The tight labour market has

helped to produce a national wage agreement between Sweden's bine-collar union organi-sation and the employers in the private sector covering one million workers. Mr Feldt is not happy about it. "I think they made an honest effort to break the trend of high wage increases but they don't con-trol wage drift," he explains. As a result the Government will have to impose some disci-

Mr Feldt has the difficult task of damping down domestic demand without provoking a plunge into recession, for the maintenance of full employment is the sine qua non of Swedish economic management. The trouble is there are simply not enough people in the labour market to meet the

pline by fiscal means.

needs of the economy. He denies there is any real crisis in the Swedish welfare state, which he broadly sup-ports. He blames the existence

in the hard-pressed public ser-vices: But he also admits that the public health sector is not as efficient as it might be. "We have to make changes in the organisation of the way the hospitals work," he argues.

From time to time it is rumoured that Mr Feldt would like to have a top international job in finance, perhaps with the World Bank. He is very much a big fish in the tiny Swedish pond:

Bright, tough and amusing, Mr Feldt remains a man with a mission, to transform the showcase of social democracy into a more dynamic European market economy. Whether his own party will allow him to succeed is still an open ques-tion. Nobody doubts, however, that he is a very determined man, prepared to go to the brink of resignation last autumn in order to get his own

way over his tax reforms.
One thing is certain: the downfall of Kjell-Olof Feldt of long queues for operations in some hospitals and the lack of places in child day care centres on the shortage of labour

When judges wrestle with ambiguities

he vice of insider dealing is that an individual, finding himself in a privileged position of possess-ing price-sensitive, confidential information, uses it to enrich himself while others who are less fortunately placed are cor-respondingly disadvantaged. The procurement of the information is not part of the vice. It is the use of the inside information, solicited or unsolicited which is the gravamen of the

When, in 1985, Parliament rather tardily got around to making the widespread activ-ity of insider dealing a crimi-nal offence, it provided that the information had to be knowingly obtained (directly or indirectly) from another individual." Did the use of the word "obtained" bear its primary dictionary meaning of possessing something through one's own efforts, or did it have the secondary meaning of general acquisition? The choice is crucial where the insider dealer happens by chance to "obtain" the information without procuring it by his own

efforts.

If that is the choice of the courts, then many an inside dealer might escape the clutches of the law, since a failure by the prosecution to prove some positive act of getting the information would result in an acquittal. The provision in the 1985 law, thus interpreted. 1985 law, thus interpreted, would have plainly misfired. The price of misfiring statuto-rily is to blow a gaping hole in

the criminal process. A year ago, Judge Gerald Butler QC at Southwark Crown Court adopted the approach that the draughtsman's use of the word "obtained" could have either its primary or sec-ondary meaning, in the circumstances therefore he was bound to apply the established principle that if in doubt a penal provision ought to be given that interpretation which was least unfavourable to the accused. That meant that the primary meaning of the word "obtained" had to

Since there was no appeal against the acquittal the appeal courts could review will carry a very high swap value. But who will be its Snooks?

Christopher Lorenz

The Court of Appeal was duly asked to answer the question



JUSTINIAN

whether the word "obtained" in the 1985 statute did have a wider meaning than an acquisition by purpose or effort. The answer is in the affirmative. Last week the House of Lords confirmed that determination. The legislature had not misfired; the gap exposed by Judge Butler had been plugged.

The abiding interest in the case, beyond its immediate importance to the authorities tackling the problem of insider dealing, is the manner in which Lord Lowry (the former Lord Chief Justice of Northern Ireland), delivering the main judgment in the House of Lords, resolved the issue of statutory construction.

Lord Lowry did not seek in any way to diminish the impor-

tance of the principle that the accused must always get the benefit of any doubt where there was ambiguity in the lan-guage used by Parliament. But that principle applies only where there remains a real where there remains a real doubt after the court has con-ducted a thorough inquiry and fully considered the meaning of the word or words in issue. At first blush the word "obtained" was clearly ambiguous in that it could have two sensible meanings. But any language lacks precision. And the English language in particular has always been distinctively flexible or elastication and language improvises. Such linguistics. hence imprecise. Such linguis-tic imprecision makes it difficult for legislators to draft any provision which is not ambigu-ous in that sense. The lan-guage in the 1985 statute proscribing insider dealing is indeed ambiguous in that

Rightly, judges do not throw in the towel at the first sign of ambiguity in a statute. They go on to examine the different meanings and see which of two (or more) meanings Parliament

intended to attach to the language it has used. If on examination everything points to Parliament having tended to convey one meaning rather than another, then the princi-ple about ambiguity is dis-placed by giving effect to the clearly intended meaning. Lord Lowry embarked upon

just such an examination in the insider dealer case. He listed the points that assisted the prosecution and the points against. Each point listed reflected a judicial desire to find out the precise purpose of the legislation so as to determine what meaning should be given to the language used. The offence in this case was dealing on a stock exchange in securities of a company in defined circumstances. Since the accused's information could be obtained "directly or indirectly" from another individual, whether the secondary insider solicited the informa tion or merely received it could not affect one way or another the undesirability of his making use of it.

Second, the white paper of 1977 upon which the 1985 stat-ute was based also tended to show that the mischief aimed at was the dealing in securities while in possession of confi-dential information.

Third, the most telling point in favour of the expanded meaning to be attached to the word "obtained" was the contrast between the position of the primary and secondary dealer. A primary dealer is forbidden to use any information of the specified description. Why, then, should a secondary dealer be prohibited only from using part of the information which might fall into his lay unassisted by anything he did? From this it was clear that the procurement of the information was not the guilty act. This was a powerful indicator that the object and purpose of the legislation would be defeated if the narrow meaning

of "obtained" was adopted.
In arriving at this satisfactory conclusion, Lord Lowry used every piece of material relating to the legislation that was ready to hand. Too often in the past accused persons was ready to hand. Too often in the past accused persons have escaped criminal responsibility because the courts were unable judicially to resolve the initial ambiguities in statutory language.

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